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DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1989

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

SECOND SESSION

ON

H.R. 4794

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1989, AND FOR OTHER PURPOSES

PART 1 (Pages 1-1018)

DEPARTMENT OF TRANSPORTATION
GENERAL ACCOUNTING OFFICE
NATIONAL RAILROAD PASSENGER CORPORATION (AMTRAK)
NATIONAL TRANSPORTATION SAFETY BOARD

Printed for the use of the Committee on Appropriations

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DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1989

THURSDAY, FEBRUARY 25, 1988

U.S. Senate,
Subcommittee of the Committee on Appropriations,
Washington, DC.

The subcommittee met at 2:15 p.m., in room SD–124, Dirksen Senate Office Building, the Hon. Frank Lautenberg (chairman) presiding.

Present: Senators Lautenberg, Chiles, Harkin, Kasten, and D'Amato.

DEPARTMENT OF TRANSPORTATION

OFFICE OF THE SECRETARY

STATEMENT OF HON. JIM BURNLEY, SECRETARY OF TRANSPORTATION

ACCOMPANIED BY JANET HALE, ASSISTANT SECRETARY OF TRANSPORTATION FOR BUDGET AND PROGRAMS

OPENING REMARKS

Senator **Lautenberg**. We will call the Subcommittee on Transportation of the Appropriations Committee to order.

We are expecting other Senators to join us, and I am told that Senator D'Amato, who is the ranking member of the subcommittee, will be here shortly. He is testifying at another committee.

We welcome the Secretary to his first appearance as Secretary of the Department before this committee to talk about this excessively generous budget that is being offered by the administration for the various programs that we are all committed to.

We may disagree on a point or two, but let's see how we go.

This afternoon the subcommittee begins its hearings on the administration's budget request for DOT and related agencies. We have, as I indicated, our principal witness, Secretary Burnley, and he is accompanied by Janet Hale, Assistant Secretary for Budget and Programs.

We welcome both of you, of course. We are pleased to have you here.

The President proposes a total fiscal year 1989 budget of $23.1 billion for the programs and agencies within the jurisdiction of this subcommittee. This includes $8.8 billion in new budget authority and $14.3 billion in obligation limitations. This represents a reduction of $2.1 billion below the amounts provided in the current fiscal year. The cuts proposed, of course, are even deeper than this implies because the budget includes specific increases, while we talk about cuts naturally resulting in other areas.

When we talk about $1,200,000,000 for FAA and Coast Guard, it comes from other places.

Now, we face a mounting transportation infrastructure crisis in this country, and I am sure that you have seen the report on infrastructure that was issued the day before yesterday and printed in the newspapers, and the report on the news this day. In the New York Times article entitled "Large Infusion of Funds Urged for Public Works," they talk about mass transit and solid waste facilities vying for the second worst grades of C minus. They report mass transit to be overcapitalized in many smaller cities but inadequately funded in large, older cities, and maintenance was rated erratic and inadequate.

DEFERRED TRANSPORTATION INVESTMENT

I do not think we can afford to continue deferring investment in our transportation system. If we fail to meet these challenges now, we are going to be paying a terrible price in the future. Economic growth will be strangled as transportation choke points proliferate. Traffic tieups are now almost a way of life, and getting there from here, back and forth to work, has become unfortunately a test of misery and a test of endurance.

The subways are full, the trains are full, the buses are full, the roads are jammed. Alternate driving days are under consideration to improve air quality in some cities. And just last session we were forced to postpone deadlines for air quality standards.

The situation is not any better in aviation. Pilots are reporting an average of over two near-midair collisions each day. On the ground, airports are clogged and delays have become routine.

What is more, last year scheduled commercial carriers had the worst safety record since 1974, and the commuters had the highest number of accidents in this decade. In aviation as a whole in 1987 there were 2,589 accidents and 1,146 fatalities. And one company continued to fly passengers and cargo on more than 200 flights after FAA had revoked its operating certificate for safety violations.

The economic welfare of the country clearly depends on a balanced and diversified transportation system. But the administration and this budget ignore this fundamental national requirement. True, the budget does provide increases for aviation and Coast Guard, but it does not support the balanced development of all modes of transportation. It would cut overall funding by approximately $2.1 billion. It would jettison Amtrak. And it would gut mass transit.

Regarding aviation, I would say, and I believe the subcommittee would agree, that we have at long last persuaded the administration that there are serious staffing shortages in FAA. Last year at this point we were being told that 225 more controllers would be plenty. Then, in

June, the Department requested another 580 controllers and other air traffic personnel, and even with the requested increases for fiscal year 1989, we still have some concerns about the quality of the underlying basis for the Department's estimates of its work force requirements.

The subcommittee also recognized tough problems facing the Coast Guard. As a result of the cuts imposed by the Budget Summit Agreement, we have made life difficult. We want to be helpful if we can. Unfortunately, the Summit Agreement applies to this year as well.

The point that I want to emphasize is that we cannot solve the problems of one or two of the transportation sectors at the expense of other vital elements of the national system. A solution for aviation and Coast Guard that cannibalizes intercity rail passenger service and mass transit is not really a solution. And that is why the policy reflected in this budget is just as unacceptable and bankrupt this year as it was last year, and in every other year of this administration.

This year, though, I am sorry to say that not all the blame can be laid at OMB's door. If the press accounts are accurate, part of the blame results from errors in Department leadership. As I understand it from stories I have read, the Secretary went to the White House to appeal OMB reductions in FAA and Coast Guard. Unfortunately, the Secretary got taken not just to the Oval Office, but also to the cleaners. In return for $300 million for FAA and Coast Guard, he offered up $1 billion in mass transit funding. A $700 million loss is not a good deal by anybody's standards.

Now, be that as it may, I am sure that the Congress once again is going to seek a transportation budget that recognizes how interdependent our nation's transportation network really is. I know that this subcommittee is going to take that approach, and whatever our disagreements, Mr. Secretary, if any, I want to invite your participation in this effort.

Now, since Senator D'Amato has not yet arrived, we will give him a chance to make his statement later, and we invite you now, Jim, to make your statement.

STATEMENT OF JIM BURNLEY

Secretary BURNLEY. Thank you very much, Mr. Chairman. It is good to see you today, and I welcome the chance to be before the subcommittee to talk about our proposal for fiscal year 1989. I am interested in your comments on the National Council on Public Works Improvement Report. We were quite pleased by several elements of that report, including their endorsement of the user fee concept, their support for the notion that the unit of government responsible for service delivery to meet increased infrastructure demand ought to be the unit of government that also levies the taxes.

And on the mass transit part, I was also certainly comfortable with their noting the overall decline in the productivity of the system which certainly, I think, is in large part a result of the terribly mistaken policies the Congress has imposed on us in mass transit in recent years, and also, that they noted that the growth of transit vehicles is double the rate of increase in ridership in this country.

I would certainly want to say at the outset, also, that I did not get taken to the Oval Office; I went voluntarily, and I came out with exactly what I was looking for, and I am wholeheartedly comfortable with this budget.

The Department of Transportation's fiscal year 1989 budget is designed to concentrate resources on the most critical national transportation needs. Overall, the request proposes a total of $22.9 billion in appropriations and obligation limitations under the jurisdiction of this committee, which is a reduction of about $1.6 billion from the 1988 level.

The budget emphasizes several basic principles: One, a continued strong commitment to transportation safety; two, concentration of federal resources on truly national interstate transportation systems; three, emphasis on the proper role for state and local governments in providing transportation services integrated with the national system; and four, encouragement of private sector involvement in providing transportation services.

Building on the strong record established by my predecessor, the Department's 1989 budget will continue with a broad array of efforts to make the best transportation system in the world even more efficient and ever safer, while at the same time recognizing the severe budget restraints we all must face, as you mention in your statement, under the Deficit Reduction Agreement.

AVIATION REQUEST

For our aviation system, we are requesting an FAA budget that is 13 percent higher, $721 million more than last year. It includes an increase of 900 additional air traffic controllers, 300 more aviation inspectors, increased security staff, and more new equipment for the air traffic control system. These personnel increases would give us 16,800 controllers and about 2,500 safety inspector positions. The increase in funding for FAA operations is absolutely necessary, I think, if we are to handle increased demand on the air traffic system and the FAA's safety responsibilities.

Our budget also proposes $1.6 billion in FAA capital funds, 44 percent above the fiscal year 1988 enacted level, to continue National Aerospace System Plan improvements. These include the advanced automation system, long range radars, voice communication systems, and en route and terminal doppler weather radars. It is critical that Congress fully fund this request.

Over the last 7 years, Congress has cut the administration's budget request for the NAS plan by nearly $1.2 billion. Last year alone Congress cut $242 million from our request for the NAS plan. The country cannot afford to shortchange the modernization of our air traffic control system.

Our request also provides $155 million for research, engineering, and development, including research into detection of weapons, explosives, and flammable liquids. Another $1.2 billion is included for airport improvement grants which emphasize capacity development, safety, and security needs. About 70 percent of the FAA's request would be financed by the trust fund.

Adequate funding for critical FAA programs is essential, but money alone cannot solve all of the FAA's problems. As I said in my recent speech before the National Press Club, fundamental reform of the FAA is necessary if we are to have an air traffic control system that can meet the needs of the 21st century. Among the most debilitating constraints are federal personnel and procurement rules. As you pointed out in your fiscal year 1988 report, Mr. Chairman, Civil Service rules prohibit payment of cost-of-living differentials, making it nearly impossible to transfer controllers from cities with a low cost of living to more expensive ones in the event of a staffing shortage. The rules governing procurements are so complex that it takes years, as you know, even in fairly simple purchases.

Another ongoing problem is the federal budget process itself. The uncertainty of the appropriations process makes it difficult to plan for the hiring and training of key personnel and the acquisition of new technology, and thus, critical, time-sensitive decisions often must be put on hold when budget negotiations stall or deadlines are left unmet.

And I know you share my concerns. A safe, efficient, air traffic control system is important to all of us, Republicans and Democrats, Congress and the administration, public officials as well as private citizens. I welcome the hearings that have been under way here on Capitol Hill on FAA reform, and I intend to work with members of both parties in Congress toward a bipartisan consensus on this vital issue.

COAST GUARD REQUEST

I think the mission of the U.S. Coast Guard is every bit as critical as that of the FAA. So we are proposing a 13-percent, or $343 million, increase for the Coast Guard's budget. The men and women of the Coast Guard perform extraordinary service to the American people, day in and day out, particularly in the areas of search and rescue and drug interdiction. The Coast Guard saves 6,500 lives every year, and prevents more than $900 million annually in property losses through its search and rescue efforts. It drug interdiction efforts netted over 1 million pounds of marijuana and almost 14,000 pounds of cocaine, valued at $2.5 billion last year alone.

So our budget provides for an increase of $211 million for these high priority operations and $101 million to increase the amount available for rebuilding or replacing ships, aircraft, and shore facilities. As you know, the Coast Guard budget was severely cut in this year's continuing resolution. If Congress fails to fund the Coast Guard adequately again in 1989, more draconian measures affecting critical Coast Guard functions will have to be taken.

PROPOSED OFFSETS

While we are seeking to increase resources for the FAA and Coast Guard and ensure that user-supported programs such as the highway program continue to give users full value for their taxes, we cannot ignore the equally pressing need to make the hard choices necessary to reduce the federal deficit. In fact, the Deficit Reduction Agreement of last fall requires that such choices be made.

To this end, we will be looking to state and local governments and the private sector to play greater roles in financing their local needs. Our budget once again defines a proper federal role in transportation, focusing attention and resources on a national transportation system that is safe and efficient, well-maintained, and effectively designed to meet the needs of the American people.

For example, we continue to believe that Amtrak, while an attractive system in many respects, does not merit a federal subsidy in the face of massive deficits. I find it impossible to justify asking the Federal Aviation Administrator to give up air traffic controllers or asking the Commandant of the Coast Guard to give up drug patrols so we can provide subsidies to middle- and upper middle-class Americans who are the primary users of Amtrak.

Amtrak has achieved some success in improving its operating efficiency, but it still consumes about $600 million in annual federal subsidies while accounting for less than 2 percent of intercity common carrier passenger miles.

Likewise, we had to take another look at discretionary transit grants which have been spent disproportionately on a handful of cities. We do believe that transit is a real and vital need, and therefore are proposing $1.5 billion to fund UMTA programs. We also believe, however, that mass transit is a need where local resources must be used to a much greater degree.

This budget has been carefully crafted to shield priority programs from deep cuts. At the Department of Transportation there is no higher priority than safety across all of our modes, and when budgets must be cut, the construction of costly new rail systems must take a back seat to programs that save lives.

SAFETY FUNDING

In addition to increasing the number of air traffic controllers and aviation inspectors, we propose to continue to expand the motor carrier safety inspection program, with motor carrier safety grants being increased by $13 million over the 1988 level. Last year, more than 1 million inspections were carried out nationwide, and that is up from a mere 159,000 in 1984, the first year of that program, and last year, approximately 50,000 drivers were pulled off the road for violations.

This program's tremendous success is an excellent example of the federal-state partnership this administration has encouraged in transportation. At the same time, we are proposing funding levels of $10 million for highway-related safety grants and $128.5 million for highway traffic safety grants.

As part of the Federal Railroad Administration's $56.6 million request, we are requesting $37.8 million for railroad safety activities. These activities include enforcement of federal railroad safety laws and regulations as well as safety-related research and development in upgrading railroad equipment, operations, hazardous materials, track safety and safety testing.

The overall rail safety record has been the best in history over the last few years, largely due to the Staggers Act. It enabled the railroads to generate the resources necessary to upgrade their badly deteriorating infrastructure into a safer system. In fact, the accident rate has been cut by nearly two-thirds since 1980. Through our rail safety programs like Operation Lifesafer and others, we will continue to take all necessary steps to ensure that this trend continues

Safety concerns will also continue to be of paramount importance in both the National Highway Traffic Safety Administration and the Research and Special Programs Administration. We are requesting $94.5 million for operations and research in NHTSA to fund safety programs which include occupant protection and intensified efforts to combat drunk driving. We are also requesting $6.4 million to continue the national occupant protection program which is designed to reduce fatalities and injuries from traffic accidents.

OTHER FUNDING REQUESTS

Our budget also proposes $25.3 million for the Research and Special Programs Administration to fund programs such as hazardous materials and research. And that includes a $3.9 million increase above the fiscal year 1988 level to fund additional staff to strengthen the Hazardous Materials Inspection and Enforcement Program, and to increase the Pipeline Safety Grant-in-Aid Program.

While our fiscal year 1989 request for the Office of the Secretary shows a net reduction of $13 million from 1988, we are requesting $3.8 million to fund the Department's Office of Commercial Space Transportation, and that is a $2 million increase. As you know, the Department of Transportation has been given primary responsibility to promote and regulate commercial space transportation. We now have commercial contracts to launch 13 satellites with American launch companies, beginning next year, and have launch reservations for at least 15 more.

Strong American leadership in commercial space transportation service translates into significant gains for the U.S. economy. Each satellite launched on an American rocket represents $40 to $100 million added to our gross national product. So we will continue to do everything possible to help American firms compete in the world market for commercial space services.

Although the subcommittee is not directly responsible for the Maritime Administration budget, I know there are members who are interested in the face of the Ready Reserve Force, and I would like to touch briefly on that.

I am pleased to inform the committee that program management and $110.8 million in funding for the Ready Reserve Force has been consolidated in the Maritime Administration. We look forward to continuing our work with the Navy to ensure that America has adequate sealift capability to strengthen our nation's defense.

In summary, our fiscal year 1989 budget has been structured to be responsive to the national need to reduce the deficit while preserving our commitment to transportation safety. At the same time, we are meeting our commitment to those who pay transportation user taxes by proposing to fully utilize those revenues over an extended period. I would note in closing that if Congress adopts our proposals, user fees would finance about 78 percent of the Department's total budget authority in fiscal year 1989, compared to 71 percent for 1988.

I look forward to working with the subcommittee in the months to come. Even though, as you noted, our views may differ on particular issues, we do share the same goals for our transportation system.

I want to say, Mr. Chairman, I certainly appreciate the courtesies extended to me by you and the cooperative way in which we have been working together. I will be happy to answer the subcommittee's questions.

PREPARED STATEMENT

Senator LAUTENBERG. Thank you very much, Mr. Secretary. Your prepared statement will be made part of the record.

[The statement follows:]

STATEMENT OF JIM BURNLEY

Mr. Chairman, it's a pleasure to be here with you today. The Department of Transportation's Fiscal Year 1989 budget is designed to concentrate resources on the most critical national transportation needs. Overall, the Department's FY 1989 request proposes a total of $22.9 billion in appropriations and obligation limitations under the jurisdiction of this Committee, a reduction of about $1.6 billion from the 1988 level. This budget emphasizes several basic principles:

- A continued strong commitment to transportation safety;
- Concentration of federal resources on truly national, interstate transportation systems;
- Emphasis on the proper role for state and local governments in providing transportation services integrated with the national system; and
- Encouragement of private sector involvement in providing transportation services.

Building on the strong record established by my predecessor, the Department's 1989 budget will continue with a broad array of efforts to make the best transportation system in the world even more efficient and ever safer, while at the same time recognizing the severe budget restraints we all must face under the Deficit Reduction Agreement.

For our aviation system, we are requesting an FAA budget that is 13 percent higher -- $721 million more -- than in FY 1988. It includes an increase of 900 additional air traffic controllers, 300 more aviation inspectors, increased security staff and more new equipment for the air traffic control system. Those personnel increases would give us 16,800 controllers and about 2,500 safety inspector positions. The increase in funding for FAA operations is absolutely necessary if we are to handle increased demand on the air traffic system and the FAA's safety responsibilities.

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These include the advanced automation system, long-range radars, voice communications systems and en route and terminal doppler weather radars. It is critical that Congress fully fund this request. Over the last seven years, Congress has cut the Administration's budget requests for the NAS Plan by nearly $1.2 billion. Last year alone, Congress cut $242 million from our request for the NAS Plan. The country cannot afford to shortchange the modernization of our air traffic control system.

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Adequate funding for critical FAA programs is essential, but money alone cannot solve all of the FAA's problems. As I said in my recent speech before the National Press Club, fundamental reform of the FAA is necessary if we are to have an air traffic control system that can meet the needs of the 21st century. Among the most debilitating constraints are Federal personnel and procurement rules. As you pointed out in your Fiscal Year 1988 Report, Mr. Chairman, civil service rules prohibit payment of cost-of-living differentials, making it nearly impossible to transfer controllers from cities with a low cost-of-living to more expensive ones in the event of a staffing shortage. The rules governing procurements are so complex that it takes years even in fairly simple purchases.

Another ongoing problem is the federal budget process itself. The uncertainty of the appropriations process makes it difficult to plan for the hiring and training of key personnel and the acquisition of new technology. Thus, critical, time-sensitive decisions often must be put on hold when budget negotiations stall or deadlines are left unmet.

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Safety concerns will also continue to be of paramount importance in both the National Highway Traffic Safety Administration and the Research and Special Programs Administration. We are requesting $94.5 million for Operations and Research in NHTSA to fund safety programs which include occupant protection and intensified efforts to combat drunk driving. We are also requesting $6.4 million to continue the national occupant protection program, which is designed to reduce fatalities and injuries from traffic accidents.

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I'm pleased to inform the Committee that program management and $110.8 million in funding for the Ready Reserve Force has been consolidated in the Maritime Administration. We look forward to continuing our work with the Navy to ensure that America has adequate sealift capability to strengthen our nation's defense.

In summary, our FY 1989 budget has been structured to be responsive to the national need to reduce the deficit, while preserving our commitment to transportation safety. At the same time, we are meeting our commitment to those who pay transportation user taxes by proposing to fully utilize these revenues over an extended period. I would note in closing that if Congress adopts our proposals, user fees would finance about 78 percent of the Department's total budget authority in FY 1989, compared to 71 percent in FY 1988.

I look forward to working with this Subcommittee in the months to come. Even though our views may differ on particular issues, we share the same goals for our transportation system. I appreciate the courtesies extended to me by you, Mr. Chairman, and I will be pleased to respond to your questions.

NAS PLAN PROCUREMENTS

Senator LAUTENBERG. Yesterday before the House subcommittee you made a particular point of pointing the finger at Congress and the GAO for difficulties in implementing the NAS plan.

You stated that the NAS plan is behind schedule because Congress has not provided sufficient funds and also because GAO has created additional hurdles for NAS plan procurements.

I do not think that your statement is accurate and I am going to take a minute to straighten out the record. Here are the facts as I see them.

First, FAA has consistently told Congress that none of the delays in the NAS plan projects up to this point have been due to a shortage of funds. For example, the Department, in response to a question submitted to your predecessor last year, supplied a list of the major NAS plan projects that are behind schedule, along with an explanation of the reasons for delay.

Jim, in not one of those instances was funding mentioned.

And just last month, Associate Administrator Pozesky, who is in charge of the NAS plan, confirmed that point at an aviation conference at the FAA Technical Center in Pomona.

Second, GAO did not establish the rules and the controls that apply to major federal procurements that you are complaining about; OMB did. And all GAO did was to see whether or not the rules were followed.

Now, I have the GAO report here, and the Department's official response to it. And your response was that you supported the OMB guidelines and that you accepted GAO's recommendations.

So if you now see these rules as roadblocks, I think you ought to talk to Jim Miller at OMB and not be pointing fingers at GAO and the Congress.

And finally, as chairman of this subcommittee, I take exception to the view that Congress and its investigative arm, GAO, have no right to insist that the Department and its agencies comply with established policy. As long as I am chairman, you know that we are not going to rubber stamp every proposal that the Department sends down the rails. We are going to do everything possible to assure that the American taxpayer gets full value for the dollar, and we are going to demand that the Department, and other agencies that are subject to our jurisdiction, follow the proper procedures.

And if we determine that a GAO investigation is needed, we are going to ask for it.

We are joined by Senator Harkin. Tom, if you would like to, make your statement first, we are going to go through a 10-minute question routine. But you are welcome to make a statement, and then Senator Kasten to follow.

Secretary BURNLEY. Mr. Chairman, do I get a chance to respond?

Senator LAUTENBERG. Well, you are already on the record. I mean, the response, if anyone wants to see it——

Secretary BURNLEY. Well, sir, with all deference, I think my response yesterday was much more complex than the way it has been characterized here today, much more complex than that.

So if it is not appropriate now, I will respond later.

Senator LAUTENBERG. Well, we will give you a little time.

Secretary BURNLEY. Thank you.

STATEMENT OF SENATOR HARKIN

Senator LAUTENBERG. Tom.

Senator HARKIN. Thank you, Mr. Chairman.

Mr. Secretary, I just had a brief opening statement, basically talking about our difficult budgetary situation. As you know, the total size of the federal budget is limited by the summit agreement we made last year. You mentioned that. So we have got to set priorities, and we have got to look down the road toward some long-term needs and not just look at the emergency quick fixes for today.

I need not tell you or anyone else in this room, and certainly our distinguished chairman, that America's strong transportation system has been one of our greatest strengths. But I do not care where you go in this country today, the rural areas of Iowa, the cities in New Jersey, Northeast, out on the west coast, our roads—the evidence is there. The roads, the railroads, the bridges, the airports, I do not care who you want to talk to, talk to average Joe Citizen out there, they are poorly maintained, they are crumbling, and they are not providing the kind of infrastructure facilities that we have come to expect in America in the past.

I would just like to say that to a large extent in both the surface and air transportation we are dealing with trust funds. These are the funds provided by the users through taxes, that are already paid by our citizens to the federal government to maintain and hopefully improve this transportation infrastructure. It has been an investment, and I believe the people who invest that money deserve a return on that investment.

To maintain that trust fund as a way of reducing the deficit I do not believe is a proper response to the people who have paid those taxes in to upgrade our transportation system.

I just want to say that there are a lot of pressing problems. Mr. Chairman, when it comes time for my questioning, I want to engage the Secretary in some questions regarding the rail program and what is happening in rural areas across the country because of the lack of adequate support, and what may happen with the Rail Assistance Program being terminated this year, and how that is going to affect the rural areas of our country.

PREPARED STATEMENT OF SENATOR D'AMATO

Senator LAUTENBERG. Thank you very much, Senator Harkin.

We have with us the distinguished Senator from New York, the ranking member of this subcommittee. Senator D'Amato, please make an opening statement or ask questions, if you have them.

Senator D'AMATO. Mr. Chairman, first, if I might ask permission to have all of my remarks made a part of the record, if my prepared statement as if read in its entirety, in the interests of time I would forgo them.

Senator LAUTENBERG. Without objection.

[The statement follows:]

STATEMENT OF SENATOR ALFONSE M. D'AMATO

Mr. Chairman, I join you in welcoming Transportation Secretary Burnley to his first hearing before this subcommittee since his Senate confirmation. I look forward to hearing his views on the difficult tasks before us in fiscal year 1989.

The administration's budget for the Department of Transportation is more, or perhaps I should say, less of the same as far as funding for urban mass transit and for Amtrak. Transit funds are slashed by 51 percent (−$1.7 billion) and Amtrak funding is deleted (−$580 million). If we thought fiscal year 1988 was tough for this subcommittee, fiscal year 1989 will be even worse.

The total administration fiscal year 1989 budget for programs under the Department of Transportation is $23.1 billion. This year's budget dares us to do more with less. We are asked to add $312 million for Coast Guard (+$211 million for operations and +$101 million for capital). In addition, an increase of $787 million is proposed for FAA (+$295 million for operations and +$492 million for capital). This is a combined increase of $1.2 billion.

I support the programs that would benefit by these increases such as Coast Guard drug interdiction efforts and FAA controller staffing (900 more controllers) and equipment modernization, but where are the funds to come from? The administration has asked us to fund $1.2 billion in additional programs while the total budget request cuts $2.1 billion from the amounts provided in fiscal year 1988. Without additional allocations, we cannot fund these increases without devastating transit and Amtrak.

It is unfortunate that each year the administration expects this subcommittee to stretch inadequate amounts of transportation dollars across all the transportation modes—rail, transit, aviation, water, and highway. The administration's "solution" to our annual funding dilemma is for us to disproportionately reduce transit and rail funding. Congress has established clear precedent rejecting that funding "solution." Such draconian cuts would severely disrupt the delivery of transportation services to the public, and would irreparably harm our transportation infrastructure.

This budget request is not realistic or workable. Transit would be funded only with $1.4 billion from the gas tax penny. These funds would be distributed by formula. No operating aid is proposed for cities of over 200,000 population, and discretionary capital grants are deleted. Legislation is needed to enact such a transit program.

Less than 1 year ago Public Law 100-17 was enacted, over the President's veto, and extended the highway and transit programs for 5 years. That hard-won piece of legislation does not contain the type of transit program described in the administration's fiscal year 1989 budget. Instead it continues general revenue funding of transit capital and operating needs, as well as discretionary capital grants. It is incomprehensible and irresponsible for the administration to now ask us to cut $1.7 billion from transit in a manner that was overwhelmingly rejected by Congress less than 1 year ago.

The Coast Guard deserves an increase this year. We would like to provide it, but it is unlikely that we will turn off the lights and lock the door at Amtrak to do it. Congress is not to blame if Admiral Yost's dire plans for "slowing down and squeezing down" Coast Guard operations must take place. I place the blame squarely with the administration. The same is true for FAA modernization plans and operating increases. To plan and act responsibly, this subcommittee must balance the competing needs of the transportation modes, and not sacrifice one mode for another.

Mr. Chairman, I join you in welcoming today's witnesses and look forward to hearing their testimony.

ENFORCEMENT OF 55 MPH

Senator D'AMATO. Let me say, Mr. Chairman, that I join you in welcoming Transportation Secretary Burnley. In the very short period of time that we have had to work together with him, I tell you I have a feeling that we have an extraordinarily competent, dedicated Secretary who, Mr. Chairman, during difficult times I think is doing and will be doing an outstanding job.

Secretary BURNLEY. Thank you.

Senator D'AMATO. I am not going to go further. These are not easy times. The Secretary does not have all the latitude that I know he would like to have. He certainly does not have all the dollars at his disposal that he would like to have, and that we need.

Mr. Chairman, because I have two other committee hearings at the same time, I would like to submit some questions that I ask to be answered for the record. I would also like to point out that I have just left a hearing being chaired by the senior Senator from New York, Senator Moynihan, in the Environment and Public Works Committee, where the question of the 55- and 65-mile-per-hour speed limit was discussed as it relates, No. 1, to the enforcement provisions of the 55-mile-per-hour speed limit.

As you know, there are 12 states—I think the chairman's state as well as the state of New York are included in those 12—that have chosen to keep the 55-mile-per-hour speed limit. What we find as a result of the

1978 legislative actions of the Congress is that those states that have a speed limit of 55 miles per hour are in danger of losing up to 10 percent of their federal highway funds—in the case of New York we are talking about $22 million that is at risk as a result of a finding that 50.6 percent of those drivers who have been monitored are out of compliance, the limit being 50 percent.

First, there are certain aspects of the administration of this test that I think cry out for review before a noncompliance order of this devastating magnitude is to be brought to final conclusion.

Second, Congress may need to address this obvious inequity, whether to change the enforcement provision, or eliminate it, et cetera, and that is a matter that our colleagues need to address.

And third of all, at the very least, given that GAO is making a report, and a draft report has been supplied to us, I would hope that, Mr. Secretary, your good offices could be brought into play to place a moratorium on speed limit penalties until that GAO study is reviewed and until you yourself get an opportunity to look at this.

So I would place that before you to consider. I am not asking you to make a formal reply now, but certainly to consider it.

I thank my colleagues on the committee for permitting me this time to make these observations to you.

Secretary BURNLEY. If I might comment for a moment, Senator D'Amato, before you leave, I substantially share your views. I think the system that we have today where we have grafted the new dual speed limit arrangement onto the statutory changes of last year is not designed to get the outcome any of us would want. That was inadvertent.

Unfortunately, the way the statute is written, however, we do not have the administrative discretion to change the counting system or to recognize that having an average speed of 1 mile over the limit, may not be the same safety problem as having people who are traveling on average 8 miles over the limit. Those kinds of qualitative distinctions simply are not in our discretion.

As a result, I think that we do need to revisit this, and I think, frankly, that the Congress should seriously consider giving the states, all 50 of which I think are quite competent in law enforcement in this day and age, the ability simply to certify to us that they are, in fact, enforcing their speed limits at the levels that have been set under the legislation that was enacted last year.

So long as we are in the business of trying to run this extraordinarily complicated and lengthy process where we have so little discretion about how we count, we are going to get outcomes that, again, I think are going to be to everyone's dissatisfaction.

Let me note also, however, that under the present statutory scheme, we already are defendants in litigation in the District Court here in Washington, DC. We have been sued for not being vigorous enough—and this suit was filed some time ago—in our enforcement against the states where, under this counting system that we have today, a state may have 50.1 percent of its drivers exceeding the speed limit on interstates, and suddenly we are in the business of formal adjudicatory proceedings.

So I welcome your interest in this, and I look forward to working with you and other members of the subcommittee on how we might straighten this matter out.

55 MPH ENFORCEMENT DISCRETION

Senator D'AMATO. If I might be permitted just to make this observation, Mr. Secretary, I believe that the moratorium could be implemented by the Department without the need for special legislation. At the present time the Department is empowered to assess penalties of up to 10 percent. So thus, a zero-percent penalty could be assessed pending finalization of the GAO report and congressional work to develop some new and meaningful tests. I would think that maybe at least we could explore this.

Secretary BURNLEY. Yes, sir.

Senator D'AMATO. And I certainly appreciate your willingness to look at this and to try to correct it.

By the way, this is a problem that the Congress made. This is not something that you made. We did it, it came about inadvertently, as you say, because of changing the speed limit up to 65 mph.

Secretary BURNLEY. Let me answer that observation this way. I have had our attorneys look at what our discretion is during the period that Congress might wish to further review this, and they are of the opinion that we cannot in fact assess a zero penalty, that the way the statute is written, the only reasonable construction is that there has to be a penalty of some amount.

On the other hand, the process by which we do these reviews is so convoluted that—and again, we are being sued for how long it takes right now—that your state is certainly not in risk of losing any highway funds in the next week or two in this matter, and probably not in the next month or two.

So I think there is adequate time, if the Congress wishes to revisit how much discretion you give us, and consider perhaps letting the states just certify to us without this extraordinarily expensive and elaborate counting process, there is time for the Congress to address this issue if it wishes to, before we reach D-day on penalties.

Senator D'AMATO. Mr. Chairman, thank you so very much for your indulgence, and thank you, Mr. Secretary, for your response.

Secretary BURNLEY. Thank you for your kind remarks.

PREPARED STATEMENT OF SENATOR KASTEN

Senator LAUTENBERG. Thank you very much.

In fairness to Senator Kasten, I would now ask you if you want to make your opening statement. A short one like Senator D'Amato's would be good.

Senator KASTEN. Well, I think Wisconsin is in compliance. We do not have these lawbreakers in Wisconsin.

Mr. Chairman, I am happy to be here. I am just going to ask that my entire statement be included in the record as if read.

I just want to make two points. With regard to the FAA, I am particularly pleased that for fiscal year 1989 there has been a proposed small increase over the amount allocated in 1988. Within this amount, there is a provision for 900 additional air traffic controllers. This amount, together with the 1,000 controllers provided for in 1988's budget will bring the total controller work force to, as I understand it, 16,800 by the end of fiscal year 1989, and that would mean that for the first time we will have a larger controller work force than we had prior to the strike, and I think that means that we are building back.

I have some questions on that subject when we get to the questioning round.

Second, regarding the Coast Guard, I am pleased to see that the administration also recognizes the significant role that this agency plays in so many different areas. The Coast Guard is asked to protect the life and the property of U.S. citizens on our waterways, providing law enforcement and drug enforcement along our coastlines, and also to stand by as a ready defense force in its military function.

I think that this year the total request for $2.976 billion is an aggressive statement of the priority that the Secretary sees in the Coast Guard mission.

I would like the remainder of my statement to appear in the record as if read, and I have some questions with regard to this transfer from Defense over into your department on the $100 million for the Coast Guard, and some questions on the Coast Guard in Wisconsin.

But I will wait for my turn on the questions, Mr. Chairman.

Senator LAUTENBERG. Thank you very much, Senator Kasten, and without objection, the full statement will be entered in the record.

[The statement follows:]

STATEMENT OF SENATOR ROBERT W. KASTEN, JR.

Thank you, Mr. Chairman. I am pleased that we are going to hear today from Secretary Burnley concerning the Department of Transportation's budget request for $23.1 billion. This amount is approximately $2 billion less than last year's budget.

I am very pleased that among the priorities recognized by the Department of Transportation are the continued increase in air traffic controllers and appropriate funding for the U.S. Coast Guard.

With regard to the FAA, we are taking the right step for fiscal year 1989—there has been proposed a small increase over the amount allotted in fiscal year 1988. Within this amount is a provision for 900 additional air traffic controllers. This amount, together with the 1,000 controllers provided in the fiscal year 1988 budget will bring the total controller work force to 16,800 by the end of fiscal year 1989.

Thus, for the first time, we will have a larger controller work force than we had prior to the PATCO strike.

Regarding the Coast Guard, the administration also recognizes the significant role that this agency plays in so many different areas. The Coast Guard is asked to protect the life and property of U.S. citizens on our waterways, provide law enforcement and drug enforcement along our coastlines and stand as a ready defense force in its military function.

Thus, this year the total request for $2.976 billion is an aggressive statement of the priority that the Secretary sees in the Coast Guard's mission.

I am hopeful that something close to the $2.1 billion requested for operations can be arrived at and the $348 million request for acquisition, construction and improvements is a cost that we have been putting off for several years and must now face.

Recognizing the priorities just mentioned, it still disturbs me to see the manner in which the funding for these two vital areas is apparently achieved.

There is no funding, again, in this year's budget request for Amtrak. This does not recognize past congressional intent and therefore its roughly $600 million expense is not reflected

Also, there has been a 51-percent cut in mass transit funding and although one can argue the philosophy, I don't believe such a budget request reflects reality and therefore calls into question our ability to direct the funds necessary to the Coast Guard and FAA.

I look forward to hearing Secretary Burnley's comments on his budget and will have some questions for him in that regard.

LARGE TRANSPORTATION REDUCTION

Senator LAUTENBERG. Mr. Secretary, you know that we will keep the record open. Senator DeConcini has indicated that he has some questions he would like to submit, though he cannot be here, and we would ask your cooperation for a prompt response to any questions that we have.

Secretary BURNLEY. Of course.

Senator LAUTENBERG. We will work now on a 10-minute cycle, if you will.

Since fiscal 1981, transportation budget authority levels have in fact had a real cut of over 26 percent.

Why has transportation taken a back seat like it has in this administration, do you know?

Secretary BURNLEY. Senator, as the President is fond of saying, we do not have the authority to spend a penny until the Congress appropriates it, nor do we have budget authority until the Congress enacts it. So however one wishes to characterize the record since 1981, I think it fair to point out that we propose and you dispose.

And as a result, those numbers that you have just cited, which I have not seen in quite that fashion before, and I would think that there would be some question about that percentage simply because of the nickel increase that occurred beginning in 1983 in gasoline taxes, which has made an enormous increase in our budget authority at the Department, nonetheless, I think it is important to say that the Congress, in the time I have been in the Department since 1983, has made judgments each year about how much will be allocated out of the overall appropriation cycle to transportation.

And I know the subcommittee lives with that situation, and that you are not happy about it in most years. And it does mean that in some years we do not get everything we ask for on the other hand.

And that is certainly what happened in a couple of very critical programs when the Congress gave us substantially less last year in the CR for the Coast Guard and the FAA than we had requested.

So that is a cycle that we are all in together, and I do not think you can blame the administration for that.

Senator LAUTENBERG. Well, except it is fair to say that the Congress has been consistently above the request levels, and this is not an administration without some power. Certainly it has managed to take care of the programs that it thinks are most important and not standing by and waiting for the Congress to make the decision.

I do not think, frankly, the will has been there, and this is a dispute that has gone on for some time.

Now we are faced with a situation where those of us who believe, as Senator Kasten indicated, in supporting FAA and the Coast Guard, also support highway construction, which you reduced by half a billion dollars; transit, for which you recommended a reduction of $2 billion; and rail programs, which you reduced by over half a billion dollars.

Why did you not ask for an overall increase in the transportation budget and thereby acknowledge the legitimate needs of all the transportation modes?

REORDERING OF PRIORITIES

Secretary BURNLEY. Mr. Chairman, let me answer that in two fashions. One, with respect to the highway program, we have proposed what I think is fairly characterized, as I did in my opening statement, as a deficit neutral approach to highway expenditures through the reauthorization period, where we are spending what we get, and in fact, the actual outlays under our budget for 1989 would be slightly in excess of income.

So what we are proposing is with the obligation limitation and those items above the obligation limitation, it would be dollar for dollar, what comes in goes out.

I think it important to note in view of your statement going back to 1981, and Senator Harkin's remarks about trust funds, and his views, which I substantially share, that through congressional as well as administration action, but again, largely through congressional action, the trust fund balance in the Federal Highway Trust Fund has only gone up by $21 million since 1981. In other words, during the 1980's we have, in fact, been spending out on highway programs at the rate at which it has been coming in, and that balance has held virtually constant.

Now, with respect to the other two programs you mentioned, when we go through the budget preparation in the administration, we do not do it in a vacuum, as you know. We certainly took into account the Summit Agreement on the budget, the 2-year agreement, and we took into account congressional action on how much the Congress allocated for transportation needs in the continuing resolution. We did not start with a zero base, we started with that as a base.

And what I brought to you was a budget that I think suggests some reordering of priorities in a way that is absolutely essential but which certainly does not depart in a substantial way, in my judgment, from the path that the Congress has us on.

Now, we can quarrel about how the sums are allocated from one account to another, but particularly given the very tight constraints that both we and you are subject to under the 2-year agreement on all domestic discretionary spending, I think that you are going to find in your deliberations exactly what we found in putting the budget together. That is that there are some very tough choices that have to be made on domestic discretionary programs.

I think that if our experience in the administration is at all indicative of what you face, that there may, in fact, be a little more excitement up here on appropriations issues this year than people have predicted simply because the tradeoffs are very difficult. One thing that is terribly important to note is that under that budget agreement between the Congress and the administration, the agreement does not just speak to budget authority, and this is what is going to make your deliberations as difficult as ours have been. It also speaks to outlays, and the discussion here to date has been almost entirely about budget authority, and I think you are going to find when you sit down and start marking up, that the outlay constraints under that agreement are going to be a very difficult challenge for you as well. That has been our experience.

So again, I am quite comfortable with the proposal that we have made, and I think that the difficulties we have had in living within that Budget Summit Agreement are real, and that you are going to get your chance to experience those just as we have.

GROUND TRANSPORTATION REDUCTION

Senator LAUTENBERG. We have a tough task on our hands. The one thing, and I see it constantly as we compare let's say, 1981 to the current date, that there obviously has not been the enthusiasm nor the support for ground transportation. It has been reduced by about 25 percent, while air transport, since 1981, has increased by almost 100 percent—we are talking about funding—and water transport has increased 30 percent.

Secretary BURNLEY. Senator, if I may ask a question, the reason I am quite perplexed by those numbers is that one of my predecessors, Drew Lewis, waged a very vigorous effort, and successfully, to convince the Congress, after having convinced the executive branch, that we needed to raise the gasoline tax a nickel, and that has had an extraordinary impact on how much we have been spending on ground transportation, and I am just perplexed that these percentages would go in the other direction. Certainly, without looking at them, it does not seem to track with what we know happened in the highway program.

Senator LAUTENBERG. We are looking at the tables in the budget, and that is what they say.

Now, I guess the situation would have been significantly worse—we need not debate this now. We are both clearly on the record, and we will put the reference in the record as well.

Secretary BURNLEY. Yes, sir.

[CLERK'S NOTE: The table below displays the data to which the chairman referred.]

BUDGET AUTHORITY BY FUNCTION: 1981–88

[In millions of dollars]

Function	1981	1982	1983	1984	1985	1986	1987	1988*
Ground transportation	20,249	17,697	19,208	20,685	20,318	19,349	18,244	18,258
Air transportation	4,046	3,747	4,850	5,266	6,011	5,484	5,518	6,895
Water transportation	2,552	2,931	2,912	3,244	3,105	3,915	3,120	2,772
Other transportation	109	88	110	114	126	115	115	108
Total, transportation	26,957	24,464	27,080	29,309	29,559	28,863	26,996	28,032

NOTE: All years are fiscal years. Figures in table do not add to totals because of rounding.

SOURCE: OMB Historical Tables, Budget of the U.S. Government, fiscal year 1989, pp. 102–103

*Estimate

INDEPENDENT FAA

Senator LAUTENBERG. You recently issued a call for a restructured FAA, one designed to be more compatible with a deregulated industry, and you said that FAA has to be freed from rigid personnel rules for federal employees, burdensome federal procurement procedures, uncertainty of the annual appropriations process. But you do not go along with the proposal to take FAA out of the control of the Department or to have a fixed term for the FAA Administrator.

Regarding the latter, you seem to fear that safety might be compromised by having an Administrator too independent of accountability.

Why such a pessimistic view of an executive responsibility and congressional oversight, Jim? I think that we can accomplish those things.

Secretary BURNLEY. Let me call as my first witness the Chairman of the National Transportation Safety Board, Jim Burnett, who testified last fall in front of Senator Ford's subcommittee that he was opposed to simply removing the FAA from the Department and making it an independent agency, and he talked about a couple of specific examples where the Secretary of Transportation, not Jim Burnley, but Jim Burnley's predecessors, have had to step in and take affirmative action either to move the FAA in the right direction or to make sure that the FAA did not retrench in ways that raised safety concerns.

Now, with respect to my thought, Senator Lautenberg, that I did express at the Press Club—and again, this goes back to something you said a few moments ago about procurements—the FAA, as you know, is a hybrid agency, and I think we ought to debate and discuss long and hard the proposition that we move the rulewriting safety inspection functions anywhere out of the FAA. My focus, and my call for fundamental reform, and what I understand to a substantial extent at least driving the concerns that you have expressed in the past, that others here have expressed, is on the operational side because, as you know, when you are running something 24 hours a day, 7 days a week, it does present a whole different set of challenges to make it go the way you want it to.

And when I said that my views were much more complex than they have been characterized here today, and I expressed those views at some length yesterday on the House side, all I meant by that was so long as procurements by the FAA for the air traffic control system are in the executive branch, of course Congress should and the GAO should exercise serious oversight. It is also the case that over time, if you do not get the money, you cannot spend it, and you will not buy as much. It is also the case that the FAA has, with respect to a lot of its procurements, seen delays that one can debate the underlying merits of. For example, on the great question of the advanced automation system where the FAA is to make a contract award this summer, it has been to a very substantial extent at the urging of the Congress that it has been slowed down, and that we have changed the procurement path.

I am not being critical of that. I am just saying that is what has happened. And with respect to the OMB circular you made reference to, I think that OMB circular makes eminent good sense as a way for the executive branch agencies to do business. I am not quarreling with that. What I am asking is does that not, therefore, raise a question with an operational kind of responsibility whether you want to apply those same rules to that operational responsibility.

In fact, I know you recall the GAO report of last spring about NAS plan procurements. In this report, the GAO chastised the Department for having done some things to accelerate the procurement process by waiving key decision points under that OMB circular—there are four key decision points, and by letting the FAA move more quickly without the elaborate review at each step—and then the GAO praised us. And I said last spring we were pleased to be praised. But they praised us because in the months before this report was put out, the Department had tightened down the ratchet on FAA procurements, and we were making them jump over every single hurdle, every single time.

Now, again, I do not quarrel with the notion that that is a sensible arrangement for most executive branch functions, and on the other hand, I do think that we ought to spend some time, and the atmosphere is such that that time might result in some serious changes, in looking at whether that makes sense for the operational half of the FAA.

LOCAL RAIL PROBLEMS

Senator LAUTENBERG. Senator Harkin.

Senator HARKIN. Thank you very much, Mr. Chairman.

Mr. Secretary, there are a lot of things I would like to get into, even the trust fund with you, on how much you are using out of it and whether or not you are really counting all the interest paid and things like that, but I will restrain myself on that because I really want to focus on railroads.

Secretary BURNLEY. All right, sir.

Senator HARKIN. Mr. Secretary, my state of Iowa and many states throughout the country are facing some very major difficulties with our railroads. We know they have been in a crisis since the Penn Central filed for bankruptcy back in 1970, but in the 1970's, early 1980's, the federal government came to the rescue, we put a lot of money into the Northeast corridor, saved a lot of railroads, I supported that. I think it has been proven that that was a good investment that we made in this part of the country.

However, now we are facing the end of what we call the Local Rail Assistance Program this September, and that period of federal involvement may come to an end just at the point in time when the rural areas of this country that have been really hard hit, have been hard hit with the depression akin to the one in the 1930's and are just starting to come out of it, at the very time that we see a lot of abandonments of branch lines, mergers, and acquisitions by railroads and then abandoning rail lines, and quite frankly, this Local Rail Assistance Program has been a very keen help to Iowa and a lot of other rural states.

Now, I am going to get into it in a little bit on the ICC's end. That is not your end, but the ICC and how they may be involved. But if this trend continues, of mergers—I have the figures here. Ten years ago we had 30 class I railroads. Now we have about 15, about one-half of what we had. I do not have the data here, but I can tell you how many hundreds and thousands of miles of branch lines have been abandoned just in the last 10 years.

If that trend continues, Mr. Secretary, what is going to happen to competition, what is going to happen to the ability of people in rural areas to get our grain to market at a decent price, and for industry to locate in rural areas when they do not have that kind of rail service that they need?

I just want to probe your thoughts on that and what do you think the USDOT ought to be doing about that, and whether or not you agree with phasing out the Local Rail Assistance Program.

LOCAL RESPONSIBILITY

Secretary BURNLEY. Senator, I do agree with the decision that Congress made in the 1985 Omnibus Budget Reconciliation Act to phase out local rail service assistance after this fiscal year. The program has appropriated for it $9.6 million for fiscal year 1988 that goes to only 13 states.

Senator HARKIN. How many states?

Secretary BURNLEY. Thirteen.

Senator HARKIN. Thirteen states.

Secretary BURNLEY. Actually, it is 13 projects in 11 states. Illinois has three projects. It is the sort of program which, again, when you have got not all but most of the states in surplus in their budgets and a horrendous federal deficit problem we are all wrestling with, that I think it is fair to say to the states, as the Congress has said and as the executive branch has said, that the states can pick up those responsibilities if, in a given state, it makes sense.

STAGGERS ACT RESULTS

Now, with respect to the larger question that you asked, beyond the programmatic question, you gave numbers about mergers from 10 years ago, and certainly those numbers track with what I know to have happened. I think it is terribly important to note, however, that in the late 1970's we had roughly one-quarter of all the track in this country tied up in bankruptcy court, and that our railroads were requiring, particularly in the Northeast, billions of dollars of federal subsidy to even stay barely in business. The track was deteriorating; the equipment was deteriorating; the safety record was not good.

What has happened is that as we have, since Staggers, been able to let the railroad industry make judgments about how their business is going to be run, to a substantial extent, we have seen that situation turn around. You are absolutely right that there have been thousands of miles of track abandoned, as has happened in your state. We have seen in many instances new, smaller carriers created that are much lower cost than the class 1's were, and that are still providing the same service, but often doing it at better prices.

What we have seen since the Staggers Act in real terms—and I happened to see this just yesterday, according to the Bureau of Labor Statistics numbers, is we have seen a substantial decline in rail rates on grain movements in this country.

Senator HARKIN. A substantial what?

Secretary BURNLEY. A decline in the costs that we are charging to our farmers for grain movements. We have seen the same thing on coal.

So I do not at all disagree with you that in specific instances there are problems coming out of this tremendous transition that we have been going through in this country, but the railroad industry today, in my judgment, is far healthier—I think the facts are irrefutable on that—than was true pre-Staggers, and the service being provided, including in rural areas in many instances, is better, more reliable service than it was pre-1980.

I do not think in any event, however, even if we might disagree on the trends, that the Local Rail Service Assistance Program could be viewed by anyone as a panacea on those issues because it is affecting only a handful of states, the funding is quite modest, and on the other hand, the states are simply, as a whole, in much better condition than the federal government right now to subsidize such programs.

NATIONAL RESPONSIBILITY

Senator HARKIN. Well, I disagree with that. Sure, the state of Iowa maintains a balanced budget because constitutionally they have to maintain a balanced budget. But there is just not that kind of money out there.

Plus, that is looking at it, I think, very narrowly. It would be like us telling the Northeast corridor, New Jersey, you have got a problem; take care of it. New York, you take care of it. They were in dire straits back in the seventies, and yet we came in and helped them. We did not say you take care of it, it is your problem. It is a national problem. The Northeast corridor was necessary to rebuild for the health not just of New Jersey and New York but of the entire nation.

And to tell Iowa or Nebraska or Wisconsin that they have got to spend their money to keep these tracks in order so that we can get the grain out that benefits not just Iowa or Wisconsin but the entire nation

I think is taking a much too narrow view of the transportation needs of our country as a whole.

And Mr. Secretary, I do agree with you that there needed to be some scaling down of all of that track that was out there; you are right. It became much more efficient. As times change, conditions had to change, too, to reduce some of those. I am not one of those that says that every single rail line has to be kept in existence; obviously not.

But there comes a point where you have to stand back and way whoa, wait a minute. When you look at a map of Iowa, and you look—and I will give this to you—and you look at the trackage out there that we have left and where it goes, most of this being the Chicago & North Western, a lot of it in a potential state of being sold off in branch lines, you are reaching the point of really diminishing returns in terms of a healthy system.

We have already weeded out, if I could overlay a map on this with what we had 10 or 20 years ago, you can see how much we have already weeded out.

Secretary BURNLEY. Right.

Senator HARKIN. There comes a point where you have got to have that service out there.

Secretary BURNLEY. I agree with that, Senator. And I agree with that observation. That is a truism, I think.

LOCAL RAIL SERVICE ASSISTANCE PROGRAM

Senator HARKIN. Well, now we are reaching this point where, I am telling you, this Local Rail Assistance Program has meant a great deal out there in providing sometimes shippers to purchase those short lines, and they have done a good job of operating those railroads and making them more efficient, of scaling them down for both shippers and local rail lines to take them over.

To just back off now and say, well, we have done it, it is over with, we do not need to do it any longer I think is not to face the reality of what is happening out there right now.

Secretary BURNLEY. Senator, in any event, and if we poured the whole $9.6 million into your state—and I do not have with me the fraction that Iowa is getting out of that this year—I do not know that that would substantially address your underlying, broader concerns, and I recognize that the program has clearly in some instances been very useful in particular projects, and I am not quarreling with the concept. I am quarreling only to the extent that I suggest that with the kinds of very tough tradeoffs that we have had to make in putting this budget together, and I suggested earlier you will now have to make in sorting it out as to how you want to proceed, that it is very difficult to say that you take the $9.6 million out of the Coast Guard or you take it out of the FAA or wherever else you get it when you do have a situation where the states are running substantial surpluses overall.

Now, again, I am not saying it is a bad program. I am just suggesting that there are tough choices.

Senator HARKIN. These states do not—I have just said that, I will not say it again—have substantial surpluses.

Let me just give you one other facet. First of all, let me just follow up on what you said.

Yes; some of us will fight very hard I think for the Local Rail Assistance Program, but to the extent that the USDOT takes a laissez-faire attitude and says, oh, we do not care, it is not that big a deal, well, that sends a very strong message down here from OMB, from you, from the administration that we are not going to find a partnership in working out this problem, that you are just going to stonewall it and say no, we want to end the program, that is the end of it right there.

Again, I would hope to see some force on your part to try to keep it going, too.

Secretary BURNLEY. Let me say this. We have been effective in specific cases in recent years where there are particular abandonment issues, particular rearrangements of the rail system in a given state or region, in sending some of our experts in the Federal Railroad Administration in to work with local state officials and the private sector in making sure that as abandonments are proposed, we do not have communities that are cut off.

And we have had a good deal of success with that. And frankly, I think on the whole, in addressing the issue you are talking about, the abandonment concern, we probably do more good through those efforts than we do through this $9.6 million program.

The $9.6 million gets spent as you appropriate it and as we make discretionary grants. We do get some earmarking advice, of course, but it does not address your concerns on any broad spread basis. And I would welcome the chance, if there are particular communities where you have got problems right now, for us to send our folks in there and to be helpful because I do not want to abdicate a role here. To the contrary, I think where we can be most effective is making sure the people of Iowa who are affected know what all their options are. And very, very frequently there are options that can be worked through here that are otherwise not on the table.

Senator HARKIN. I have more on my next 10 minute round.

FULL PERFORMANCE LEVEL CONTROLLERS

Senator LAUTENBERG. Senator Kasten.

Senator KASTEN. Mr. Chairman, thank you.

First of all, I mentioned, Mr. Secretary, that I was pleased to see in the FAA budget the increase of 900 additional air traffic controllers, and we went through the 16,900 or 16,800 number.

Of that 16,800, how many are so-called full performance level controllers, how many were there last year, and how many will there be next year? I just want to kind of complete the circle on that full performance question because in some of the work that we have done on this issue in the past, that issue has been important.

Secretary BURNLEY. Oh, it has been.

Senator KASTEN. Do you have those numbers handy?

Secretary BURNLEY. I do. We at the urging of this subcommittee and the GAO, as you know, redefined controllers, and we redefined full performance level controllers last September. So what has happened to us as a result of that, Senator Kasten, is we do not have——

Senator KASTEN. So we do not have good comparative numbers now?

Secretary BURNLEY. We do not, and this is a debate that I think, in retrospect, we probably all put more time and energy into than it was worth at the time because it is a definitional problem.

Let me tell you what I can, under the new definition. And under the new definition let me make very clear, we have tightened up, as Congress has urged, how we define a full performance level controller, and as a result of that stricter definition, 1,163 of our controllers when we made this change who were FPL's at that time were no longer counted as FPL's. They are still there, and since then they probably to some degree have been requalified.

[CLERK'S NOTE: Neither the subcommittee nor GAO urged the Department to redefine full performance level controllers. And, in fact, the Department did not redefine FPL controllers. What the Department did do at the committee's urging was to more accurately count the number of actual FPL's at each air traffic control facility.]

Senator KASTEN. Some of those could have been back now, could be now.

Secretary BURNLEY. Yes; but it is a definition of how many sectors of the airspace you are competent to handle, and that is literally what an FPL is defined as, and that is where we tightened up the definition. It used to be if you could handle two sectors in your area, as they call it, then that qualified you as an FPL, and it is a higher standard today.

Having said that, the answer to your question is at the end of this fiscal year, 1988, we will be at 15,900 total controllers, and we will have FPL's, we project, at 9,932.

Now, to do that I have to send you a waiver under some statutory language that was written into the CR, and I will be happy to explore that further. But for now, let me just give you the numbers.

For the end of the year, fiscal year 1989, under the budget proposal that we are discussing here today, we would be at 16,800, and the end of the year number for FPL's, we project, would be 10,832.

Senator KASTEN. 10,832?

Secretary BURNLEY. Yes; 10,832.

Now again, it is important to emphasize that both those numbers on FPL's are projections, and the reason they are projections is that you are predicting based upon past experience how many people that are now operational controllers but not yet full performance level, will make the grade, will get the necessary additional skills.

Senator KASTEN. But you are going to go through the—I mean, they might not all make the grade, but they are all going to be in the process of that education, training, whatever?

Secretary BURNLEY. Oh, yes; it is hands on training. These people are already functioning as operational controllers.

Senator KASTEN. You have taken the money, and that is where you are going.

Secretary BURNLEY. You bet, and we do expect—let me throw one more number on the table, if I have got it.

We will, to make this thing work because of the washout rate that we go through, have to overhire. I will give you an example of how it works. These are projections, and you are talking about real people and what their skill levels are—we project that to get to the 15,900 by the end of this fiscal year, the FAA will hire and put into the training academy out in Oklahoma somewhere between 2,800 and 3,000 people. One of the things Administrator McArtor is working on is whether we can revamp our training techniques so we do not have such a high washout rate.

Senator KASTEN. As I am sure you are aware, the committee, and also, the authorizing committee is anxious to work with you on this whole effort.

Secretary BURNLEY. I welcome that.

$100 MILLION DOD TRANSFER TO COAST GUARD

Senator KASTEN. Looking to that 16,800 level.

The budget for the Coast Guard assumes a $100 million transfer from the Department of Defense.

Now, I understand that that transfer is not concrete in the Summit Agreement, is that correct?

Secretary BURNLEY. No; I believe we are set for 1988. The question there, Senator Kasten, was what did we get, and did we get money or did we get in kind goods like spare parts and fuel. The outcome on that is, as you wrote the CR, as I understand it, we get 100 million dollars' worth of in-kind items from DOD.

The Coast Guard and we have been talking to DOD. We have no substantial impediments that we have identified, and I expect very soon that we will reach a final understanding with them, and the Commandant of the Coast Guard says that he does not see any problem whatsoever in getting 100 million dollars' worth of value from DOD, but it will be in goods and fuel and that kind of thing.

Senator KASTEN. And you are satisfied that that is going to come out right, and that the Coast Guard will in effect have what would have been the equivalent of $100 million had you had it in your budget.

Secretary BURNLEY. Yes, sir, yes, sir; no question about that.

Senator KASTEN. All right, let me ask another technical kind of budgeting question.

Secretary BURNLEY. All right.

$60 MILLION COAST GUARD SUPPLEMENTAL

Senator KASTEN. There has been a lot of discussion by the administration and a little by the committee in terms of coming up with a $60 million supplemental for 1988.

Secretary BURNLEY. Yes, sir.

Senator KASTEN. Now, it is my understanding that this supplemental would only make up, if it comes, would be $60 million to try to, in part, make up for the $105 million cut that came out of the Coast Guard budget last year, is that right? And how can even $60 million make up for $105 million, and is the $60 million coming, or are you not going to come up with that supplemental?

Secretary BURNLEY. It will not be a supplemental in the old fashioned sense. It will be a reprogramming request where we will suggest dollar for dollar budget authority and outlay offsets within our budget, and it will be right at $60 million.

I do not have control over the timing. Ultimately OMB decides when it comes. My understanding is it will be here in a few days.

We have, however, been in consultation with the chairman, with Senator D'Amato, the ranking member, and with staff on both sides because I wanted for this subcommittee to understand and for your House counterparts to clearly understand, this was not a political exercise. This is not a Washington Monument drill. The Coast Guard has real problems, and I have sought the advice and guidance of both subcommittees before the request comes up about where in our budget we might find those offsets.

Now, I am not saying to you that you will get it exactly the way you wanted me to write it, and again, your House counterparts have been given the same opportunity, but we genuinely have tried to take your thoughts into account on this matter because we need to get the money, and it is an issue that is, again, not one of political symbolism in any sense. It is a real problem.

Senator KASTEN. My other question was how does $60 million make up $105 million, and why are you not coming for $75 million or $85 million or $55 million?

Secretary BURNLEY. Yes, sir; well, there are two parts to the answer. One is that the Coast Guard is going to squeeze down significantly on items like maintenance on cutters to the extent they can, and that will be pushed over into 1989, and if you fund our request fully in 1989 and the Commandant says that the Coast Guard will be able to operate into 1989 without serious difficulties.

The other part of the answer is that with the closings that have already been announced by the Coast Guard, with the personnel reductions this year of about 950 people, we expect to save $7 to $8 million, and we expect to save something in the midforties range next year, so that when you look at that $60 million, what you have to add onto it to get back up to the number we are missing, to the $100 million plus, you have to add the $7 to $8 million savings that we will accomplish by those closings, and then you have to add the additional $35 million savings that the Commandant is achieving by simply not operating at the same levels.

Right now, we have cut our routine patrols—and it is important to emphasize routine patrols, law enforcement patrols—by slightly more than half. With every day that passes, we are saving money. We are not out there doing the job we would like to be doing, but we are saving money.

So that is why the request is going to be at $60 million. And again, if I had wanted simply to make a political point, then we could have done none of those things and sent you a request for every dime. I knew that that is not realistic. I am trying to send you a request that we have boiled down to what we think is the irreducible minimum we need help on, so that I have got at least a fair chance with you of getting approval for that reprogramming.

Senator KASTEN. Let me just say that some of us are concerned. I mean, my next question is a specific problem that I have in Wisconsin.

Secretary BURNLEY. Yes, sir.

FOX RIVER LOCKS

Senator KASTEN. And I do not know if you are familiar with the Fox Locks or the Fox River or the locks that go between Green Bay and Appleton.

Are you familiar at all with that?

Secretary BURNLEY. I am not familiar with it. I have not seen them. But I know they are there.

Senator KASTEN. I have a series of questions that I will submit to you.

Secretary BURNLEY. All right, sir.

Senator KASTEN. And then we will work through this.

But I am sure that the Senator from Florida sitting next to me knows a whole lot more about the Coast Guard and has a real concern. There are a lot of us who are worried whether or not some of these cost savings that you are talking about making are, in fact, possible to make, and I want to work through my small problem here in Wisconsin to the degree that we can. We have already got a couple of stations that are closing, and one that was open full time is now only open half the year.

But in certain cases we are starting to get this thing squeezed pretty hard.

Secretary BURNLEY. That is right.

Senator KASTEN. And I would guess that Lawton knows a whole lot more about that than I do.

But we want to work with you.

Secretary BURNLEY. I thank you for that.

Senator KASTEN. And I appreciate the fact that you have sent these requests up to the committee, and I am going to ask the chairman if I can share with him some of the balancing that he is having to do.

But it is important that we look at these issues, and I ask unanimous consent to submit these questions for the record, Mr. Chairman, on the Fox Locks, and we will work together.

Senator LAUTENBERG. Without objection, we will be happy to have you work with us.

CRITERIA USED FOR COAST GUARD CLOSURES

Secretary BURNLEY. If I could, Mr. Chairman, very briefly just outline the criteria that the Commandant used on the closures that have occurred, that may be very helpful to you.

The way he went at this was he proposed that we cut, and he is cutting, administrative and overhead costs to the extent he could possibly identify them first, operating changes second, but administrative and overhead costs and consolidations obviously were where we went first. Second, when he had to look at operational responsibilities, he tried to select what in his professional judgment were the least productive units of the Coast Guard. Third, he tried to select units that were located near other units that could pick up some of the workload. And fourth, in making specific decisions about search and rescue units, he tried to make sure, and I think did make sure that we would not degrade our search and rescue response time anywhere in this country below their 2-hour standard. I mean, that is not, in a perfect world, the standard, but the operating standard the Coast Guard has used for some years is a 2-hour response time.

So that is sort of the way he went at it.

Senator LAUTENBERG. Thank you.

Senator Chiles.

STATEMENT OF SENATOR CHILES

Senator CHILES. Thank you, Mr. Chairman.

Mr. Chairman, I want to say at the outset, I do not envy you your role. I used to wonder why I gave up this subcommittee. I am not so sure I wonder this year when I note that there is a budget request for 13 percent additional funds for FAA and about 13 percent for the Coast Guard, and that is the good news; but then where that money comes from purports to be the bad news. There is an overall cut of about $1.6 billion from the 1988 level in the total fundings from this subcommittee.

And again, finding yourself as a member of the Budget Committee and also a member of this subcommittee and realizing that this time we have locked in the Defense number and we have locked in the fact that there is not going to be much in the way of additional revenue, you have got an unenviable task ahead of you. You have been one that has been ringing the clarion call, that the skies were not safe and that we had to put in additional funding for FAA, and I think you finally got some people's attention on that. I am delighted to see that.

Also, of course, you have tried to be a stalwart for the Coast Guard, and we know that the Coast Guard took some hits this last year that they cannot continue to take.

But when I look at some of these other choices that are now placed of where this money came from and see that again we see the same proposition of let's get rid of Amtrak. But I again do not see anything, and I would like to hear from you, Mr. Secretary, how we replace that passenger load and what we do about that, and whether there really will be any savings from there at all, and some of the other things that we know that the Congress is not going to do in the mass transit funds and a lot of these other areas.

It is going to be a tough year for you, Mr. Chairman.

Senator LAUTENBERG. You solved the problem for yourself, Senator Chiles. I am not sure I am willing to take that route.

AMTRAK ELIMINATION

Senator CHILES. That is right.

Mr. Secretary, just on the Amtrak, you know, we see that come up every year. I would like to hear what your explanation is on how we can try to handle that traffic load.

Secretary BURNLEY. All right, sir.

If I could take a moment and shower a little more sympathy on the chairman, as I said I think before you came in, we have just been through this, and you do not overstate, Senator Chiles, the difficulties of it.

I think it is also important to note, there have been a couple references again to budget authority. The budget we submitted overall, including the areas like maritime that are outside this subcommittee's jurisdiction, shows an actual increase in outlays for 1989 over 1988. It is modest, but it does go up by about $70 million.

Now, with respect to Amtrak, Senator Chiles, we, and Secretary Dole in particular, a year ago wanted to appoint a commission to look at the whole spectrum of alternatives for the future of Amtrak, not just at zeroing it out, not just at selling off pieces of it, but the whole range of alternative ideas that could reduce the pressure on the federal budget for this subsidy.

Unfortunately, in my judgment, the Congress concluded and enacted into the 1987 supplemental appropriation bill language that prohibited us from either appointing a commission or otherwise doing a serious study of this range of alternatives.

I think, and I have talked to the chairman about this informally, I think there is still great merit, and I would like to ask you to reconsider that proposal as you are working on the 1989 bill. I think there is substantial merit in looking at the whole range of alternatives so that we can take the pressure off of you as well as off of the executive branch for these roughly $600 million a year subsidies.

Now, I think the management of Amtrak has done a good job. They have brought that number down about 50 percent in the last several years, and they ought to be commended for that. I think there are some more things that can be done. I think there are some alternatives out there, though, that have not been fully explored and we ought to work on them.

But on the one hand, as I said in my opening statement, Amtrak today carries less than 2 percent of the intercity traffic that is carried by common carrier. If you add in the people that drive their own automobiles, it is well under 1 percent. So, if you shut down Amtrak, it is not a massive overnight addition to traffic in the air or traffic on land. I mean, we see growth in both the number of passengers on commercial aviation flights and the number of people driving on the highways well in excess of that year to year right now. So the country handles those kinds of increases.

But again, it is not my position that we ought to just shut the trains down and throw all those people off, and I would welcome the opportunity to work with you on that. But first, you would need to make it legal again for us to work on that problem, and I think if we were able to go forward with you in exploring those alternatives in a constructive way, that we might be able to reduce what Amtrak really needs.

COAST GUARD SUPPLEMENTAL

Senator CHILES. I am delighted to hear that you said you are conferring with the chairman and ranking members in regard to this $60 million supplemental because I have had great concerns as to whether any of that supplemental is going to be approved, and yet we would like very much to see the Coast Guard get some additional money.

I had a meeting with Admiral Yost and some of his staff this afternoon about the proposal and the way they have gone about it.

My concern, again, is that reprogramming not just involve things that Congress is going to out of hand turn down; demonstration projects, other things that there is no way we are going to turn down.

Mr. Chairman, again, I think that is going to be a real task, but we look forward to trying to assist in any way we can in looking at that.

Do you really think you are going to be able to put together some items that will have a chance?

Secretary BURNLEY. Yes, sir; I think there is a good chance. I do not, again, though, underestimate the difficulty of it, and what we have done in consulting with this subcommittee and the subcommittee of House Appropriations is to both get your guidance and insight. I mean, we are scraping barrels is what we are doing. But we are not singling out any one barrel. As you suggest, it would not work as a practical matter.

I mean, everything in my budget in 1988 or carried over from prior budgets is being reviewed, looking for these offsets, and we are going to suggest to you a list in a few days, hopefully, when OMB gets it up here, that will be based upon what we think we can do and can sell to you. Because, again, this is not a political exercise in the sense of making some sort of point.

Senator CHILES. That is good, because if it was, it would not have any chance of passage.

Secretary BURNLEY. That is right. I am very much aware that it needs to be a realistic document.

Senator LAUTENBERG. We thank you very much, Senator Chiles, for your insightful comments. Your praise and confirmation of the chairman will be sorely missed in the years ahead. Thank you very much, Lawton.

Jim, we listened as you discussed with Senator Kasten the objectives for controllers, for staffing.

Secretary BURNLEY. Yes, sir.

ABILITY TO REACH FPL CONTROLLER GOALS

Senator LAUTENBERG. And we were in agreement. By the way, the numbers where we drew our conclusions from are in the historical tables of the budget, page 103 I guess it is. If you look under the transportation function, ground, air, water, and other, you will see for 1981 to 1989 a substantial decline in ground, a substantial increase in air, and the problem is that I hardly met a transportation system that I did not like. They are all essential, and we have got to continue to work on them because I think—and we have discussed this, and I think we have agreement on it—the fact is that the major problem of the next decade, all things being equal in terms of jobs and war and peace, is going to be transportation. I think that is going to be the single largest problem that we are going to have to learn to deal with and to improve.

But meanwhile, we look at things like the controller work force, and by the end of the fiscal year, FAA is required to have at least 10,450 full performance level controllers. At the end of last month, 8,900 were in place, which you agree with. And that is 155 less than we had last October.

We have got 7 months to go. We have got 1,550 controllers to get up to full performance level.

Do you really think that we are going to be able to get to that minimum level of FPL's by that period of time?

Secretary BURNLEY. Absolutely not. We will not, and I said in my answer to Senator Kasten that we will, I think, have to exercise waiver authority, and of course, Senator, as you recognize, that number fluctuates month to month because of retirements one month versus people getting qualified as FPL's.

Senator LAUTENBERG. That is retirements and washouts and the whole business.

Secretary BURNLEY. And the other thing that happens is as we move people around in the system to put them where we need them, and we move experienced people as well as new hires, they lose FPL standing, as you know, when they move to a new facility. So the number fluctuates in that fashion.

But it is not for lack of trying on the part of the FAA, and the reason that that number is not going to be at the 10,450 in my judgment by September 30 is that we are going to see those FPL's continue to go up, but we are not going to put pressure on them to in any way shave the standards, and I do not think you want me to put pressure on FAA supervisory personnel to do that.

In other words, when somebody is testing, you want a completely honest test as to whether that person has reached FPL standard, and I do, too, and you do not want them lowering those standards as a practical matter out there, and I do not either.

So I think you will see that number will go up significantly this year, and as I said to Senator Kasten, we expect to be at about 9,932 by September 30, and about 900 higher than that on FPL's if you fund our request at the end of 1989.

REHIRING FIRED CONTROLLERS

Senator LAUTENBERG. Let me bring up a novel and new idea. It concerns rehiring fired controllers, something that we have never really discussed before.

You were asked recently whether the administration would rehire fired controllers, and I was not surprised, you said no. And you said the policy reason is—and I do not want to go back over a lot of old water or try to make light of a very serious situation—the illegal strike action. Also the retraining time might take too long, and 60 percent of the current work force and 80 percent of the supervisors are against it, and rehiring would adversely affect the morale. You know the discussions I had when you were deputy.

As support for your conclusions, you make reference to a GAO survey, am I correct on that?

Now, if it can be shown that those kind of practical reasons are not as sound as you assumed, would you withdraw your opposition, or is there any way that you would reconsider the rehiring?

Again, I am not here on a mission. I have said it in the past and I will restate it just for the record. I am not here to reward recalcitrant behavior or illegal behavior or anything like that. I want to stop punishing the flying public, and I am looking almost desperately, certainly anxiously for ways to do it, and there is a pool of people available who could help.

Is it just an ideological thing that says, look, they were bad boys or girls or women or what have you, and we are just not going to listen under any condition?

Secretary BURNLEY. Well, Senator, I would particularly disagree that it is ideological. They not only broke the law, they left the American people very much in the lurch. So I do not think it can be characterized as just ideological.

Let me, if I may, make a better offer. We are in discussions right now——

Senator LAUTENBERG. As short as you can, Jim.

Secretary BURNLEY. I will. We are in discussions right now with the Air Force. Because of the pressure on the DOD budget, we understand, and we do not have the final numbers, but we understand that a substantial number of experienced controllers over there may, in fact, be out of jobs very soon, and we are talking to them about working out an arrangement where we could pick those people up.

I think that is, in fact, a much better offer because we are talking about people who are active controllers right now, and the training time on them ought to be very much shorter than going back and getting someone who has not been a controller for almost 7 years.

So I think if this works out in the way that it might, that might give us—and we still have to have the money to pay for them, obviously—but that might give us a substantial bump in people who have a good deal of experience.

And frankly, Senator, I think you would agree that those are more attractive people, because I think we are going to find a lot of them on average are younger than the folks now are that left us in 1981, and you want to get people who will stay with you as long as possible.

Senator LAUTENBERG. I listened very carefully to what you said, and if there is a resource there I would like to use it. But my mission more than anything else is to get that force up to the level that we would like it to be.

The GAO study says that it took only 4 to 6 months for those controllers who were reinstated after winning individual appeals to become recertified. There are people who have demonstrated an ability and the emotional stability or the emotional support to be able to take this job, a tough job.

I would have to say to you again that I wish we could put aside the retribution factor. They have paid a price, a long price. Again, we do not have to argue their case, because that case was long since decided. They were convicted, they were sentenced. They paid the penalty.

And now I want to get us up to snuff, because I am worried constantly about what we are doing to protect the traveling public. We are probably going to be talking about this subject on the floor of the Senate and the floor of the House again.

And I would urge you to take a look at whether or not it is possible to accomplish the job. I know that you would like during your tenure, as short as it is likely to be, to leave this agency in as good shape as you can. I know that you are committed professionally and personally to doing the best job.

And that is one way I see to do it, and I hope that we can persuade you of that.

EAST COAST PLAN ENVIRONMENTAL IMPACTS

I want to talk for a moment about a subject that has got a lot of people very riled up in New Jersey, and that is the aircraft noise problem and the expanded east coast plan. You implemented the east coast plan without doing the environmental assessment.

FAA said there would be no impact, but complaints are pouring in from towns like Cranford and Long Valley, NJ. I am getting them by the barrel full, and I know that you are getting them.

Do you still feel that there is no impact coming from the expanded east coast plan?

Secretary BURNLEY. Mr. Chairman, I never had an opinion one way or the other personally on that. But the FAA used the standard that they have used for many years, and that is if the effects are going to be above 3,000 feet they do not do an environmental impact assessment.

And their position was and their position remains that you are talking about planes that are passing over the affected communities at 5,000 to 6,000 feet if they are arriving and 13,000 to 14,000 feet if they are departing.

Now, I am not here to argue that that does not have an effect. Obviously it does. When you get volumes of complaints, you know people are hearing the airplanes. And what I think we need to do is, in fact, what we are doing, and that is work with the port authority, work with the attorney general's office in New Jersey, which has gotten quite deeply into this issue, to make sure that if there are other ways we can minimize these noise levels, that we do it.

I think it is important to note that the steps we took in the east coast plan to date, and there are more steps coming in Philadelphia and that area in a few weeks, have in fact reduced total delays for your constituents and others who fly out of the New York area airports by 40 percent.

Having achieved that, I do not want to urge the FAA to give it up. But if there are ways that we can preserve those gains and reduce the impact on the communities that are not accustomed to this noise, obviously we want to work on that. And the FAA is working, as I say, with the port authority and the attorney general's office.

Senator LAUTENBERG. The longer range ability to solve that problem depends on the quieter engines and that kind of thing.

Secretary BURNLEY. That is correct.

Senator LAUTENBERG. Meanwhile, the problem is fairly severe. There are studies going on and I would like you to give consideration to options in terms of whether or not we can redirect those flights, or use over water approaches, et cetera.

Secretary BURNLEY. Absolutely.

COAST GUARD CUTBACKS

Senator LAUTENBERG. I want to talk for a moment about Coast Guard drug interdiction. As a result of the reductions forced by the budget summit agreement, the Coast Guard's operating budget was frozen at last year's level.

A few weeks ago, Admiral Yost announced that he was ordering the closure of several installations and, among other things, a 55-percent cutback in drug interdiction. Obviously, I do not see any possible public good that is served by the Commandant's statements about cutbacks in drug interdiction efforts.

Why would the Commandant want the Medellin cartel or the traffickers to know its tactical situation? Why are we announcing out there that we are going to cut back and say, OK, listen, if you want to, you will be able to slide through wider doors if you want to bring that stuff in? I do not think that is a good idea strategically or publicly to make those kinds of statements.

Secretary BURNLEY. Well, what the Commandant said, Mr. Chairman, is that there is a 55-percent reduction overall in routine patrols, and that does not—let me be very clear—does not in any way reduce the cases where the Coast Guard sends somebody out, whether by vessel or plane, when they have hard intelligence and are going after somebody. It is the routine patrols.

He did not specify where those cuts are being taken. And in fact, we have tried to leave it in the discretion of the district commanders, the operational leaders around the country, to implement those decisions.

So the statement is a statement of what is happening. We have an obligation certainly to tell you folks, but I think it is not in any way a signal to the drug traffickers that there are particular places where they have got better opportunities than they used to have.

I will say, however, that if we do not find a way to restore the funds partially in the ways that we have been discussing, that over the balance of the fiscal year it certainly is going to make it easier for the drug traffickers. But we do not want to telegraph any particulars. So we have tried not to do that.

Senator LAUTENBERG. Also, when he says a 55-percent cutback in drug interdiction, if that was his precise language, the point you made is a very important one. That is routine patrols. It does not interrupt or affect the intelligence that you gather in advance, the suspicious telltales that are out there. You are going to continue to do that.

In fact, we hope that, even if there were—and we do not believe that there is going to be—a reduction, a substantial reduction, in the number of patrols out in the sea or in the air, that that is going to signal an automatic proportionate increase in the amount of drugs that get through.

We are all in this battle together.

What I am going to do is we are going to ask your indulgence. I will ask you to wait just a few minutes. Senator Harkin is coming back. He will conclude.

I want to thank you both for your cooperation. We will have a bunch of questions to submit to you.

I really do not want to go your way, as we say, but we appreciate the opportunity to see you.

The subcommittee hearings will be adjourned for just a couple of seconds.

[A brief recess was taken.]

LOCAL RAIL SERVICE ASSISTANCE LEVERAGE

Senator HARKIN. The Subcommittee will resume its sitting. I want to thank the Secretary for his indulgence, waiting for a few minutes while we juggle our votes around.

I really did not have a lot more. I just wanted to finish for a few minutes talking about the problem I see looming out there in rural areas with the branch lines and with the phaseout of the rail assistance program.

Well, let me cover one area first. You mentioned the amount of money. What is it, $9 million?

Secretary Burnley. $9.6 million.

Senator Harkin. That is not that big a deal. Well, that is the phaseout part of it. That is to phase it out. It was a couple of years ago in the neighborhood of $40-some million?

Secretary Burnley. It has come down over time.

Senator Harkin. Let me just give you, Mr. Secretary, one way in which it was just recently used in Iowa. We had a rail assistance that came through last year. It was $900,000. It helped the line up in Northwest Iowa, Fort Dodge to Lamarze.

And that $900,000 in rail assistance became $4.5 million. It is a 4-to-1 leverage with the federal dollars, one federal, one state, and three railroad. So for $900,000 we got $4.5 million.

Now, I know that is not a stipulation in the law for states to do that. But I am wondering, in order to keep the program going, to provide that kind of necessary money for shippers, short line railroads, things like that, if that might not be something that could be supported by the administration, by U.S. DOT, to continue a rail assistance program with provisions for leverage in there.

Secretary Burnley. Senator Harkin, as I indicated earlier, the Congress made the judgment in 1985 to phase this program out, as a judgment we had urged. I am not trying to escape responsibility, but that is why we are on the path you described of ever-lower expenditures.

And again, Senator Chiles is quite eloquent about the difficulties you face, that we have been facing in putting a budget together, you face now in appropriating. And it is just extremely difficult to know where you carve it out.

As I said earlier, this is not in staying within the constraints we are all under. This is not just a budget authority system that was created with this agreement last fall.

We have got outlay problems, too. And the administration budget proposal increases outlays for 1989 over 1988 in our accounts by about $70 million. So your point is well taken, and certainly—and I am not endorsing continuation of the program.

But if the program were continued, if the Congress decided to reverse its earlier decision and to ignore our position, then I think your thoughts are very sound about getting as much leverage as you can out of such a program. And certainly we are trying to do that over on the mass transit side, for example.

So it is a sound concept. But painfully, I must say that I do not know how you could find the offsets that you need to stay within this agreement. And again, the path we are on is one set by the Congress.

RAIL BRANCH LINE ABANDONMENTS

Senator Harkin. I know the path was set in 1985, but some things have happened since then and are happening now that really give us cause for alarm. Now, this may seem totally different than the rail assistance plan, but it is connected.

There is a connecting point. If you will just bear with me for a couple of moments, you will see that connection. To let me diverge just a little bit away from that, under the federal law right now the ICC will examine a sale of one railroad to another by another, but the purchase of a railroad holding company by a nonrailroad company is not reviewed.

Yet, where the assets of the railroad are, in fact, used to pay for the purchase—leveraged buyouts, things like that—such a sale can have major impacts on the viability of the railroad. It could force, for example, the sale of branch lines.

Now, a case in point. In Iowa the Chicago North Western makes up 40 percent of our railroad miles. It moves the grain, it moves the coal, the products of many of our plants. As you probably are aware, it may be purchased by a Wall Street limited partnership that would add $470 million to the railroad debt in order to buy it.

Now there is an obstacle in the path right now, I guess, of that sale pending, a court case in Pittsburgh. But it is still there. It still may happen.

If it is sold, the Iowa DOT believes it would almost force the abandonment of half of Iowa's branch lines. In other words, what they would do is they would sell off the branch lines to pay for the debt.

Now, that is the problem we are facing where the assets of a railroad may be worth more than the use of the railroad. And so I think we have got to start making some decisions here as to whether or not we are going to continue that process, to let that process continue without any kind of review.

Because here is a case in point. The Chicago North Western could be purchased by a limited partnership. They add this money to the debt, and then how do they pay for the debt? They sell off the branch lines. Why? Because they look at the branch lines and say, it is not that the branch lines will lose money, but the amount of money they make is so small that if they sell it off they can take that money and invest it someplace else and make more money.

We all understand that. But the consequences of that leaves our farmers, our small towns and communities in very dire straits.

GOVERNMENT REVIEW OF BRANCH LINE ABANDONMENTS

I know there is a big push for deregulation of this and all that kind of stuff. But it seems to me that this is one area that cries out not only for regulation, but for review by ICC, maybe U.S. DOT.

I guess I would like to raise with you that, should not the—yes, you are absolutely right. I should probably throw that in. We are terminating the ICC this year. At least the budget proposes the elimination of the ICC.

Secretary BURNLEY. You caught me.

Senator HARKIN. I remember that. I do not think that is going to happen, but nonetheless, even if it did, it would transfer some of the functions to DOT, as I understand it.

Secretary BURNLEY. Yes; that is correct, the residual rail functions.

Senator HARKIN. Well, either way.

Secretary BURNLEY. Either way, this would still be a process that the government would go through.

Senator HARKIN. Exactly. I just wondered, should not the DOT have or the ICC, depending on which way we go on this, have the responsibility at the minimum to make sure that major purchases of railroads and railroad holding companies not force a disorderly sale of branch lines or force an increase in concentration by creating a second sale of a railroad to another carrier?

That is really what we are looking down the road at. It has happened in the past, and so far, as you pointed out before, we are not too concerned about it. It needed to be tightened up a little bit.

But when you look at the wholesale abandonment of—and Iowa DOT says this; I am not saying it. Iowa DOT says that it could force 40 percent—that would just be devastating to Iowa.

LEGISLATION TO LIMIT BRANCH LINE SELLOFFS

So I guess I am exploring with you the possiblity of enacting into legislation a requirement that where debt is used to purchase a railroad by a nonrailroad entity, sort of like the review that is used, you know, where one railroad is sold to another, that that would be a review process by the DOT or the ICC to review that, to look at the possible impact down the line.

What would happen if branch lines had to be sold to service that debt, and to have a good solid review process of that. And I just want to explore that with you to see if anybody down at your Department is thinking about this.

Secretary BURNLEY. Yes; and I do not think legislation is necessary to do what you are talking about. The reason is that, as I understand it, the ICC today has jurisdiction not over the recapitalization—that is an SEC matter, of course—but over the proposal to sell off branch lines to short lines.

And I think it is important to make the distinction that you have made, which is that these are not abandonments; these are sales to operators.

Senator HARKIN. Yes; I know the ICC has that authority.

Secretary BURNLEY. And the ICC and we have the authority to comment. We have the authority to get into it and to make recommendations and do it line by line. So there is a review process there.

Senator HARKIN. But not for the case I am talking about.

Secretary BURNLEY. Not for the case of the actual recapitalization or loading up of the leveraged buyout.

Senator HARKIN. Not for the case of the CNW selling it to a Wall Street investment firm.

Secretary BURNLEY. No, sir; but then, if I understand your concern, the consequence of that is what you are concerned about, and that is it puts pressure on the company to then sell branch lines to short line operators. And it clearly does have that effect. And what I am saying to you is, where we do now have existing jurisdiction over at the ICC and where we are able to comment—and you are, too, for that matter, as is the state of Iowa—is on the jurisdiction over the actual transaction when they sell to short lines.

That is very much within the ICC's domain today, and that is the place where we can get at those.

Senator HARKIN. What if they just want to abandon them?

Secretary BURNLEY. Well, sir, again there are procedures at the ICC for reviewing abandonments, and we do participate in those, as do states and local communities. I understood the CNW proposal that has been discussed to be one where the dominant activity, if this leveraged buyout went through, thereafter would be selling to short line operators versus abandonments.

I had not understood that that proposal contemplated massive abandonments. But you know more about it than I do, frankly, so I defer to your background on it. And what I know about it is largely based on press reports, because the transaction has not occurred yet.

Senator HARKIN. I could just say, I am telling you what the Iowa DOT has estimated. And again, I understand what you are saying, that once the process gets so far that if there is abandonment or a sale to a short line operator or something like that, then you have the power to review that.

But it almost seems to me that at that point you are almost faced with—it has already taken place. The sale has gone through and I just do not know that you could really stop it at that point in time.

Here is a company that has to service their debt. They own it. They say: Listen, you cannot stop us from meeting our legal obligations to pay off the debt. And the way we can do it—we cannot do it if we operate the railroad. The only way we can do it—we own it and we have to sell it off.

I think you would then be faced with a situation that——

DRAWBACKS OF SUCH LEGISLATION

Secretary BURNLEY. Senator, again, we have the ability and the ICC has the jurisdiction, so they can rule yea or nay. We have the ability to go give them free advice, as does everyone else.

But the difficulty I see if you put the ICC in the business or put us in the business of having jurisdiction and doing a review over whether you will permit the owners of a company to change the financial arrangement of that company—that could create a whole new set of horrors far beyond the ones you are talking about here, because what we found pre-Staggers in particular in this country was that, because of the tremendous lack of flexibility in the railroading industry to be able to recapitalize in whatever way they saw fit and to be able to merge when that makes sense to them and when they can get ICC approval.

What we saw simply was an industry that was very, very sick, again with one-quarter of the track in the country in bankruptcy proceedings in the seventies, with a lot of the other track and equipment in very poor condition because they were scraping along as best they could.

So I recognize that there are genuine, heartfelt problems here and there, real problems. But I would want to be very cautious not to create an even worse set of problems while we are trying to fix these.

And to return to a regime where we are very much involved as a government in reviewing the financial structure of the railroad in that fashion really I think would run a substantial risk, because every case you would have somebody unhappy and you would end up with the guys who, in the cases where you had competition about who was going to own the railroad if you had competitive bidding kinds of situations, you would have the guys that were about to lose opposing the other folks.

And you end up in a process where nothing moves quickly and a great deal of time and money was expended on the lawyers, and you end up with judgments that are not business judgments.

So I am not, again, suggesting that we ought to just dismiss out of hand your concerns. I think that in fact your concerns are very legitimate, but I think, given the choices, we are better off and Iowa is better off with the choices that we have under the present system, where we can go in on specific short line transactions or abandonments and the ICC does have jurisdiction versus getting us back in a much earlier stage of this chain and getting back into the business of telling a company how it is going to be structured.

Senator HARKIN. Well again, the problem with that is that it may make very good business sense, dollars and cents, stockholders, that kind of thing, investmentwise, to abandon the railroad or to sell the Chicago North Western to an investment firm in New York and have them go ahead and do it.

It may make good business sense to do that, but I am not certain that it makes good public policy sense from the standpoint of what is best to meet the socioeconomic needs of the whole upper Midwest of this country.

It seems to me we reach a path where we either say we are laissez faire, let them do whatever they want to do, if they want to abandon it let them go ahead, or we go down another path and say: Well, yes, you can make business decisions, but there are certain bottom line things we are not going to permit; we are not going to permit the abandonment of 40 percent of the branch lines in the state of Iowa, for example; we are just not going to permit that; we are going to see that these are regulated for the benefit of the entire country.

And perhaps a review process like this would be something that would lead to that. If it was good business sense and it did not impact upon a stated public policy or a policy of having rail service, fine, that is OK. But if it does, well then, it would seem to me that we would want to interfere with that.

"Interfere," I use that word very openly. We would want to interfere at that point. We do it all the time in many cases in this country.

Well, I just wanted to discuss that with you. I was just getting ready to gavel this to a close.

Secretary BURNLEY. I guess I missed my chance.

NEED FOR LOCAL RAIL BRANCH LINE ASSISTANCE

Senator HARKIN. I will just say that we are facing some real problems out there, and the problem of selling these railroads off to nonrailroad firms and then selling off the branch lines, and that is where I come back to the rail assistance program.

Assuming these kinds of things go through, then the short line operators are going to need some kind of assistance. That is where they can use this local rail assistance type program, if these things begin to go through like that. And that is why I would hate to see us just abandon the rail assistance program at this point in time.

I do not know where we are going to get the money, but I can tell you we have got to come up with it someplace in this budget process.

I think you are right, Congress made the decision in 1985 along with the administration. I think, Mr. Chairman, that if Congress and the administration make the decision to go down one path and later on we review it and we say that is not quite right, why lock us up into a bad decision?

I think we ought to turn it around, Mr. Chairman. I am hopeful that we can work toward keeping this rail assistance program going. It could just mean the life or death of so many of us in the rural areas of this country.

I just wanted to explore those two things with you, the review process and keeping this program going beyond the end of this fiscal year.

DOT TECHNICAL ASSISTANCE FOR BRANCH LINES

Secretary BURNLEY. Again, Senator, if and when the day comes when, whether there is a local rail service assistance program or not, we are faced with the actual transactions, short line kinds of transactions and abandonment concerns, we welcome an invitation to help in any way we can literally in the advisory capacity.

But again, we have had good results with that, in sorting some of these issues out, so that you do not lose service. And the Federal Railroad Administration does have some people who are quite, quite competent in this area. So I would be happy to put them at your disposal if and when the day comes that you have got an actual transaction that the state is concerned about.

Senator HARKIN. I am having a meeting of shippers all over northwest Iowa on March 7 in Fort Dodge, IA. I know you are busy, but if you have someone from your Department that could come out there and talk to those shippers about this——

Secretary BURNLEY. Yes; I would be happy to have somebody there.

Senator HARKIN. Could I have my office contact you?

Secretary BURNLEY. Yes, sir; Mr. Ed Hamberger right here is the guy that will fix that for us.

Senator HARKIN. Good, because a lot of these shippers will be there. They are very interested, obviously, in this.

Thank you.

Senator LAUTENBERG. Thank you very much, Senator Harkin. I appreciate it that I was relieved of the chair once we decided how much force to apply to recalcitrant Senators.

Senator HARKIN. How did it go?

Senator LAUTENBERG. They were wrestling in the middle of the floor when I left.

Secretary BURNLEY. Was anybody willing to take on Senator Weicker today?

Senator LAUTENBERG. No; not especially in a third-floor office, where he had to be brought down three flights.

Senator HARKIN. I hear they hired a couple of Washington Redskins for temporary police duty.

Senator LAUTENBERG. It was an overwhelming vote, 47 to 45, to permit the practice if necessary.

Let us leave that. It is too juicy and we are having too much fun with it.

Thanks very much, and I promise not to have you in double jeopardy here as a result of having abandoned. We will just be a couple of minutes, and I appreciate it.

GOALS BEHIND ANY FAA RESTRUCTURING

You talked about the possibility of restructuring of FAA, and you know that I do favor dealing with problems that we have outside the normal structure as much as we can. But I am not sure that we cannot find other ways to do it.

You said that you want to retain within the Department of Transportation the oversight responsibility. If we are making good progress in rebuilding the system, why do we need to consider restructuring FAA at this point?

Secretary BURNLEY. Mr. Chairman, I went back and read a little history some time ago, and what you find if you look at the history of the FAA since it was created in 1958 is, one, it has not changed as an organization since 1958. It became a part of the Department when the Department was created in 1967.

But as an organization, it is very much the same today as it was 30 years ago.

Second, you find—and it is almost eerie—the litany of concerns that we all share today is literally the same that you had in the fifties, that you had in the early sixties, that you had in the late sixties, and that you had throughout the seventies.

You have a system that is simply not able to respond quickly to an industry that changes daily. And I am talking again primarily about the operational half of the FAA, the air traffic part of it. And as a result, I am looking for ways—and I know that you share, as you said, an interest in finding such ways, to free them up.

And when I spoke over at the press club a couple weeks ago, I suggested that we make sure we address a consensus list of problems and concerns. These include personnel, restrictions in terms of the flexibility that you need to be able to hire people quickly, move them around, recognize the cost of living differences, and what have you, as well as the extraordinary complexity of all the oversight of procurements by GAO, the Congress, the Office of the Secretary, OMB, everybody, on these systems where the technology evolves very rapidly.

As I said in that speech, if we do a procurement perfectly, the levels of review and consideration are so complex and take so much time, as you recognize from your days in the computer industry, by the time we buy it there is a good chance, if we do it perfectly and we get every dime we want the day we ask for it, that if it is not obsolete, it is at least no longer state of the art.

The budget process on a grantmaking program, while we are sorting out 1, 2 months into the fiscal year how much money we are going to have, does not have anything like the same impact it has on an operating agency like the FAA air traffic side, because we can slow down the grant checks, then issue the checks when you tell us how much money we have got in different accounts.

What the FAA does while it is waiting to know answers to how much it has in its operational account is not move people and not promote people into the supervisory ranks. Again, on the air traffic side it has impacts.

The fourth point I made over there was that I think that, whatever else we do, we do want to retain maximum accountability on the safety regulatory side. And wherever air traffic function is housed, there ought to be a federal agency that has the same degree of regulatory responsibility that we have today.

We write rules for air traffic control inside the FAA today, and I think those guys, the rulewriters, ought to stay in the federal government and continue to write those rules.

And finally, the other point that is really quite remarkable when you look back on the history of the FAA is that today we have an extraordinarily decentralized agency, although there are some areas in which we have centralized things and we have some other exercises under way to further centralize.

But today we still have legitimate complaints in my judgment from aviation about the fact that you can get an entirely different interpretation in one FAA region from another FAA region. That happens on safety inspections. It happens on pilot proficiency levels. It happens on certifying aircraft when you design aircraft.

It is difficult for me as an organizational matter to justify a system where the Washington office of the FAA is not in charge of certifying a new kind of airplane to be manufactured by Boeing. That is now done out of a regional office.

So I suggested that, while we are putting together fixes here, we ought to address that issue as well. We ought to have uniformity and consistency in this country in how we run the system and on our regulatory side, if that remains with us. That ought to be uniform and consistent, also.

So that is briefly what I am suggesting we ought to do, is devise a system that addresses the demands that have been there for over three decades and that we as a country have not yet sorted out.

Senator LAUTENBERG. This is an old problem. It is obviously one that I think the administration has had some time to fix.

But you indicate that you would like to maintain a measure of control over this, let us say, more independent FAA. But yet, Jim, you do not seem to have the same concerns about turning over the operation of the air traffic control system to private contractors.

I am not sure that I understand.

SOME MODELS FOR FAA RESTRUCTURING

Secretary BURNLEY. I was careful not to endorse a particular scheme. What I said was that any proposal for a fix ought to be judged against a set of criteria that I just briefly outlined.

But I did not and I have not endorsed a particular approach. It seems to me there are a lot of different organizational models that ought to be considered, and I touched upon four of those in the Press Club speech. One is the independent agency; another is the post office style model that the Air Transport Association leadership has been fond of; a third is a nonprofit foundation model, controlled by users, including the federal government, which would have a participatory interest; another is much greater use of the contracting capability.

Now again—and I also say there are other ideas out there—I was not trying to narrow the debate to those four. But it seems to me, Senator Lautenberg, that with the Aviation Safety Commission's final report due in mid-April and with the mandate that Congress gave them to review structural issues, particularly the air traffic side, that we do have an opportunity.

And while I really do not know the details of the day-to-day deliberations, I do know they are thinking about the very issues that we are discussing here today; and given the atmosphere in this country that we would like to get at this problem in a serious way, there is an opportunity this year to address these fundamental issues.

But again, I do not think—I got a wonderful letter in terms of the way he characterized it from John Baker, the President of AOPA. And he said: "Motion does not equate with progress." And that is right.

I do not think that we ought to do anything until we have looked at what we are proposing to do against the list of things we all agree, more or less, mostly more, ought to be addressed, the things that ought to be fixed. And it may be possible, for example—the independent agency idea—to take into account these concerns to some extent at least.

So long as it is in the federal budget process, again on the air traffic side, so long as it is subject to these procurement regulations and statutes, obviously we will not have fixed everything. But those are the kinds of issues I would like to work on with you this year.

COST OF LIVING OBSTACLES WITH CONTROLLERS

Senator LAUTENBERG. One of the things that you felt was an obstacle to our attracting sufficient personnel in the high cost of living areas is that you just cannot pay the increased costs involved on moving to New York or Los Angeles or one of the other high cost areas. And you indicated that a private contractor operating the system could do otherwise, or might be able to do otherwise.

Secretary BURNLEY. That is one of the things you might accomplish with that approach.

Senator LAUTENBERG. Notwithstanding the fact that the cost of living problem pertains to all federal agencies and not just FAA, it is a serious problem. We recognize that. FAA may have a particularly acute personnel problem in certain locations.

Why did not the agency ever seek any legislative relief from the current limitations of personnel regulations?

Secretary BURNLEY. That is a very fair question, Senator, and let me answer you this way. In the post-strike period, the first couple or 3 or 4 years, the emphasis was building up the work force everywhere, all over the country, and getting people in the facilities everywhere, because we, to put it mildly, in August 1981, we were extremely short staffed.

So that is where the focus was at the FAA. Starting approximately 2 years ago, having put the personnel back in place to a substantial extent, the FAA began to concentrate on the pockets, the places where we were still short staffed.

And they have been working very vigorously, I think, for 2 years on trying to move people into those remaining places. As I said before, the overtime, the perception of a massive overtime problem in this country, is absolutely incorrect.

In fact, the average overtime in our busiest facilities in 1987—and I am talking about the biggest terminals, not the simplest—was 1 hour and 7 minutes per week per controller.

However, we still have places where people were working too much overtime, and they are amongst the places you listed a moment ago. So the bottom line is the FAA has been trying to move people into those facilities.

And what they have found over the last couple of years in trying to address those staffing problems in specific facilities is that it is just much tougher to do that as a result of these differences in cost of living. So yes, we have come to recognize that this is a substantial drawback, and that is why we put it on the list of things while we are looking at fixes that we ought to look at fixing.

EXTENT OF CONTROLLER OVERTIME

Senator LAUTENBERG. Let me ask you this. You use that overtime figure because we had different numbers, but obviously not all controllers work overtime. It is, therefore, possible when you take an average 1 hour and 7 minutes that maybe those in very busy installations are working lots of overtime.

Secretary BURNLEY. Not only possible, it is absolutely correct. And what we found in looking at the 1987 numbers is that in about 90 or 91 percent—and again, I am not counting the little facilities; we are just talking in these numbers about the biggest terminals, the level 5 terminals and the en route centers—what we found was 90 to 91 percent of our work force in those facilities were working 4 hours or less overtime, and many of them zero overtime per week.

But what that means is what you just said: In the other 9 to 10 percent, we had people who on average were working more than 4 hours per week.

It is important to point out that the overtime does not mean overtime in front of the radar screen necessarily. In fact, a great deal of overtime in this day and age in the air traffic control work force is senior professional level people training new arrivals, the people who have just come from the academy or just been transferred.

And so a lot of the overtime is driven by that. But nonetheless, there is more overtime in about 9 to 10 percent of our work force than we want. And we are trying to address that.

And again, as I said before, as you noted, it tends to be in those facilities and parts of the country where it simply costs a lot more to live.

Senator LAUTENBERG. You are concerned about the morale of the work force if we brought back the rehires. Obviously, there is no greater indication of poor morale than people organizing to speak with one voice, that is, a union. And here, after all of these arguments about destroying morale by bringing back those controllers, we wind up with an organizational vote overwhelmingly carried to reorganize and to have the union.

I would again hope that we would have a chance to learn from that, to see whether we could not check that morale factor once more and if you do not find another source, whether it is military or otherwise, to think about that.

REPORT ON BOSTON FPL CONTROLLER LEVEL

At this point I just want to take a look at one of your principal en route centers, Boston. They are still way off their target in terms of FPL's.

Secretary BURNLEY. That is right. New York is another one. Chicago Tower is a third, that is correct.

Senator LAUTENBERG. I would ask you this day to take another look at that and give us a report back in 90 days.

Secretary BURNLEY. Again, though, I must emphasize that what is happening to us in those facilities is not that the FAA is simply recalcitrant and refuses to do anything about it. It is these practical impediments.

AIRPORT SECURITY

Senator LAUTENBERG. That is why the possibility that the pools of labor exist there that we can draw from has to be examined. Otherwise I think it is pure, if you will forgive me, intransigence.

We have got to solve those problems. It is not fair to the people flying in and out of there. It is not fair to the people who are on duty. The stress factor is enormous.

I want to ask you one last question, something that we were reminded about the laxity in airport security by the terrible tragedy that took place in California. You fly, I fly. You walk through those airports. It is certainly safe to say that none of us really feels like the best precautions are being taken to make certain that people who have a mission to carry out that would harm people who are flying, knock down airplanes, et cetera, is made any safer by flashing a badge that says "that is me" and walk by.

We did not permit that in computer rooms in my company. Banks do not permit it, et cetera. There are so many simple systems around that magnetically read a card, and when someone is discharged, terminated or otherwise, that card is no longer valid.

And if it requires 5 minutes more by the airline personnel or airport personnel to put their card through. It would make the system at least a little safer and start us on the path toward getting more security.

Now that we see the madness that seems to pervade our society, all societies, with people who want to get even for some reason, we ought to be able to move with something like this.

Have you given that any thought?

Secretary BURNLEY. Mr. Chairman, not only have I thought about it, but I personally ordered the FAA before Christmas to begin drafting rulemaking that at our larger terminals we require the use of just that technology. And I hope we will have an NPRM on that out in the next few weeks.

You are exactly right about the technology and there is no reason in the world that I know of, since I do not believe the costs here are going to be prohibitive, why we cannot use it.

And as an interim measure—it is by no means a satisfactory long-term solution—we are now requiring everyone who walks through the area of the airport where there is detection equipment to go through it, regardless of who they are employed by.

And that became effective literally right after Christmas and seems to be working reasonably well.

SUBMITTED QUESTIONS

Senator LAUTENBERG. Mr. Secretary, thank you very much. You will be receiving questions for the record.

[The following questions were not asked at the hearing but were submitted for response for the record:]

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

DOD CONTROLLERS

SENATOR LAUTENBERG: You say that the Department plans to hire a number of DOD air traffic controllers who are being released due to budgetary constraints. How may DOD controllers are going to be available? Do you plan to hire all of them? When will you begin? How long will it take to qualify these controllers as FPL's?

ANSWER: We view the Air Force's recently announced early release program as our gain. FAA has received about 1,400 applications from eligible military controllers, and depending on their qualifications and level of experience, FAA hopes to offer employment to about 600 of them. FAA has already begun reviewing the register of candidates, and anticipates that they will be able to start hiring in April. Because the military controllers will have had four to eight years experience, they will be hired directly into a center or terminal and would not be required to attend the basic ATC training course at the FAA Academy. The most immediate benefit to FAA is that these military controllers would become operational in a very short time. FAA also expects that it will take less time for the military controllers to reach full performance level than it does for a new hire. However, much depends on their level of air traffic control while in the military and the level of activity and type of facility they will be entering in FAA.

FPL's

SENATOR LAUTENBERG: Please provide for the record a table displaying the net increase in the number of FPL's for fiscal years 1984 - 1987.

ANSWER: The following table reflects the number of Full Performance Level (FPL) controllers on board as recorded by FAA's Personnel Management Information System for fiscal years 1984 - 1987:

		FPL's On Board	Cumulative Increase
FY 1984:	Sept. 30, 1984	7,580	
FY 1985:	Sept. 30, 1985	8,315	735
FY 1986:	Sept. 30, 1986	9,528	1,948
FY 1987:	Sept. 30, 1987	9,798	2,218

NOTE: The above data reflects FPL's by grade as recorded by PMIS. Beginning in FY 1988, the number of FPL's will reflect only those controllers certified on all required positions of operation and who have attained the FPL grade.

FPL DEFINITION

SENATOR LAUTENBERG: You stated that one reason the Department is having trouble meeting Congressionally mandated FPL objectives is that a more stringent definition of FPL is being used. You further stated that, as a result of this change in definition, over

1,100 former FPLs dropped out of the previous count so you started this fiscal year down by that number. Isn't it true that there has been no change in the actual definition of FPL per se? An FPL, in other words, now as before, is a controller who is certified on all positions in his area of specialization.

ANSWER: Yes, you are correct. An FPL controller is a controller who is certified on all required positions in his or her area of specialization, and has reached the highest non-supervisory grade. We did not change the definition of an FPL, but we did refine the way they were counted within the categories of the controller work force. Previously, FAA's automated Personnel Management Information System (PMIS) counted as FPL all controllers who had attained FPL grade although they had not completed all certification on all positions. Simply put, the PMIS did not contain data reflecting the certification status of a controller.

SENATOR LAUTENBERG: The only change is in the way FAA reports the number of FPL's. Formerly, FAA reported as FPL's all controllers who its personnel information system indicated had reached a given G.S. grade, regardless of whether they were certified on all relevant positions. This, GAO found, consistently overstated the real number of FPL's by about 10 percent.

Last fall, FAA, in response to a direction from this Committee, began reporting as FPL's only those controllers who were in fact qualified on the requisite positions. This, is it not, the change that resulted in the drop in the number of FPL's being reported? In other words, the 1,100 FPL's you say you lost were not really FPL's in the first place, were they?

ANSWER: The drop in the number of reported FPL's is the result of refining the way the PMIS counts the FPL's. However, it is important to remember that the controllers at FPL grade, but now excluded from the count are still considered operational and may be only one position short of full certification. There are various reasons that these controllers are not fully certified. In some cases, it is a temporary situation perhaps resulting from controllers transferring to a new facility, being detailed to other duties, or changes in airspace configurations that require controller recertification.

CONTROLLER TRAINING

SENATOR LAUTENBERG: Your predecessor indicated last year that the Department was implementing a new "generic screening and placement program" designed to reduce washout rates during facility training. Please provide for the record a table comparing facility training washout rates for the two fiscal years prior to the initiation of this program with the washout rate for the period after the program was initiated. Please break the data down by type of facility.

ANSWER: In order to assess the impact of the screen, it is necessary to compare groups of people who went through the former Academy programs with groups of people who went through the screen. This is a better method than examining field pass rates at time periods before and after the implementation of the screen, because some developmentals who went through the former program are currently in field training, and their performance would be mixed with the performance of graduates of the screen.

The following tables compare the disposition in field training of two groups of Academy graduates at comparable points in their training. Table I compares developmentals assigned to the en route option. The first row of the table shows field training for 1986 graduates of the screen as of the end of February 1988. These developmentals have undergone field training for between 1 year 2 months (those who graduated in January 1986) and 2 years 1 month (those who graduated in December 1986). The second line shows field training for developmentals who graduated from the former en route program in 1985. The progress of this group of developmentals was examined as of the end of February 1987. Thus, again, the developmentals in this group (although they have progressed further in their training at this point in time) had experienced between 1 year 2 months (those who graduated in January 1985) and 2 years 1 month (those who graduated in December 1985) as of the end of February 1987.

The categories represented in the tables are: FPL; Developmental (still in training in the same option); Switched Options (to terminal or FSS from en route or to FSS from terminal); Failed (separated from the series due to failure of the training program); and Other (separated from the program due to reasons unrelated to performance).

Failure rates appear to have declined slightly for both en route and terminal developmentals who graduated from the screen in 1986. Declines in failure rates for the en route option were realized in spite of the high regional requirements for hiring en route developmentals during 1986 which required placing many developmentals with lower Academy scores in the en route option. It is not easily determined whether the changes made to field training programs at about this time or the assignment of Academy graduates to field facilities according to their scores are responsible for lower field failure rates.

Table 1
Field Training Disposition by Year of Academy Graduation
for En Route Developmentals

Year	Total Academy Graduates	FPL		Developmental		Switched Options		Failed		Other	
		Number	%	Number	%	Number	%	Number	%	Number	%
1986	908	3	0.3%	779	85.8%	31	3.4%	63	6.9%	32	3.5%
1985	896	1	0.1%	730	81.5%	38	4.2%	108	12.1%	19	2.1%

Table 2
Field Training Disposition by Year of Academy Graduation
for Terminal Developmentals

Year	Total Academy Graduates	FPL		Developmental		Switched Options		Failed		Other	
		Number	%	Number	%	Number	%	Number	%	Number	%
1986	314	160	51.0%	124	39.5%	1	0.3%	18	5.7%	11	3.5%
1985	364	241	66.2%	89	24.5%	1	0.3%	29	8.0%	4	1.1%

RIGID PERSONNEL RULES

SENATOR LAUTENBERG: You claim that rigid personnel rules have prevented FAA from being able to attract sufficient personnel to high cost-of-living areas because of the inability to pay cost-of-living differentials or to simply involuntarily transfer people as needed. You indicate that a private contractor operating the air traffic system could do otherwise. Notwithstanding the fact that the cost of living problem pertains to all Federal agencies and not just FAA, we recognize that FAA may have a particularly acute personnel problem at certain locations. Why didn't FAA ever seek any legislative relief from the current limitations of personnel regulations? (In fact, this committee found it necessary to direct the development of a legislative proposal to achieve the required relief.)

ANSWER: We will be discussing with the Office of Personnel Management how existing government-wide personnel flexibility, including expanded authority in the FY 1988 Continuing Resolution, might be useful in addressing the cost-of-living problem.

In terms of the broader issues, the laws and regulations governing personnel programs are both numerous and inter-related. Decisions as to which laws or regulations should be changed in order to provide necessary relief require that the agency first determine in detail the nature and scope of the particular problems confronting it. To that end, the FAA is currently conducting a comprehensive study of its pay and classification system. The outcome of this study will be the conceptual framework for a new pay system designed to address the pay problems.

SENATOR LAUTENBERG: You also say you are concerned that rehiring fired controllers would hurt the morale of the current work force. What do you think would happen to morale if operation of the air traffic control system was turned over to a private contractor and controllers were transferred from facility to facility regardless if they wanted to transfer?

ANSWER: Clearly, no one likes to be transferred against his or her wishes. Many issues will have to be carefully studied before any decision is made by the Administration and by the Congress to privatize or contract controller functions.

SENATOR LAUTENBERG: Do you agree that safety is an inextricable part of air traffic operations? If so, how will FAA be able to maintain responsibility for safety?

ANSWER: We agree; the air traffic system cannot be operated without high concern for safety. Should operation of the air traffic control system be assumed by a private contractor, we would envision the FAA retaining oversight, regulation, and enforcement authority as currently provided for by the Federal Aviation Act of 1958, as amended.

Currently, the National Airspace System includes approximately sixty (60) air traffic control towers operated by non-Federal enterprises. Through Federal regulation, evaluation, and operational monitoring, these facilities have provided services at an acceptable level of safety.

FAA INSPECTION

SENATOR LAUTENBERG: Last year, the Committee was told that FAA had established a staff within Flight Standards to provide an internal evaluation system designed to assess the "adequacy of and compliance with policy...." What are the findings and recommendations of the evaluations carried out so far?

ANSWER: The FAA's Office of Flight Standards has completed three evaluations of regional programs to date. In addition, regional evaluations of district office programs and the results of NASIP inspections are reviewed by headquarters staff to assess their adequacy and compliance with policy.

Results of national and regional evaluations, which focus on internal service delivery, and of NASIP inspections, which focus on operator compliance with regulatory requirements, follow parallel themes. Most deficiencies derive from program elements found lacking in earlier studies and reviews such as Project SAFE, the Secretary's Safety Review Task Force, NATI, GASA, and GAO and OIG reviews. Deficiencies include inspector and support staffing, on-the-job and formal training, standardized handbooks and guidance, and automation support, including hardware, software, and data base development.

SENATOR LAUTENBERG: What specific measures have FAA and DOT undertaken, based on these evaluations, to improve safety inspections and enforcement?

ANSWER: Since FAA and DOT identified these program deficiencies, specific measures have been taken to remedy the weaknesses. Under Project SAFE initiatives, major efforts are underway to revise and update training programs, including on-the-job and classroom training. The development of standardized handbooks and guidance for inspectors is progressing. Additional inspector and support staffing has been provided in the past several fiscal years, and an additional 400 positions have been requested in the FY 1989 budget. Revised staffing standards have been developed and are used to validate Flight Standards staffing requirements. New automation equipment has been made available and upgraded equipment is being procured. Software and data base changes have been made. New subsystems and refinements to existing Aviation Safety Analysis System subsystems are being made. National program guidelines have been developed and are subject to annual revision to assure that inspection resources are targeted to those areas of industry most in need of surveillance and that all operators receive a minimum required level of surveillance. NASIP teams are composed of teams drawn from different regions to the maximum extent possible. This approach helps in the standardization of inspection results. NASIP teams have integrated security and engineering personnel into the inspection process to assure that all aspects of an operator's program are examined. NASIP teams use standardized inspection protocols and reporting formats to assure that operators are held to the same standards of compliance.

Formal systems to follow-up on NASIP inspections are being instituted so that enforcement actions taken are consistent with national policies. Internal evaluation teams, both national and regional, have access to standardized evaluation protocols and reporting formats. A formal follow-up system has been established on internal evaluation reports that require periodic reporting until action items have been closed. Again, this approach will help assure that consistent application of national programs is made across regional lines.

NEAR MIDAIR COLLISIONS, OPERATIONAL ERRORS, PILOT DEVIATIONS

SENATOR LAUTENBERG: Please update the table on Near Midair Collisions and Operational Errors from 1980 - present appearing on pages 75-76 of the FY 1988 Senate Hearings (S.HRG. 100-354 Pt. I). Please add data for the time period on pilot deviations.

ANSWER: The information follows (as of February 29, 1988; data for 1987 and 1988 is preliminary and subject to change):

Near Midair Collision Reports
CY 1982 - Present

Regions	1982	1983	1984	1985	1986	1987	1988-Present
AAL	4	7	19	32	22	24	3
ACE	8	15	20	23	20	18	2
AEA	14	36	79	66	75	146	10
AGL	33	41	49	79	89	101	0
ANE	11	12	13	26	36	45	5
ANM	23	20	41	41	68	92	5
ASO	48	101	91	159	163	180	23
ASW	64	100	95	85	98	117	10
AWP	106	143	182	247	268	340	47
TOTALS	311	475	589	758	839	1,063	105

Total Number of Reports
CY 1986 - Present

Regions	1986			1987			1988-Present		
	OE	SE	PD	OE	SE	PD	OE	SE	PD
AAL	9	3	72	14	3	69	0	0	5
ACE	46	9	139	54	4	160	5	1	11
AEA	196	9	391	196	19	638	28	3	50
AGL	304	23	295	258	14	510	28	4	48
ANE	66	5	137	66	10	131	7	1	4
ANM	82	5	146	88	8	342	7	2	31
ASO	217	19	580	265	21	749	31	1	80
ASW	113	15	225	117	9	286	28	5	23
AWP	169	26	590	163	27	680	21	2	50
TOTALS	1,202	114	2,575	1,221	115	3,565	155	19	302

NOTE: OE = Operational Errors
SE = Surface Errors
PD = Pilot Deviations

AIRPORT SLOTS

SENATOR LAUTENBERG: Please provide an update of the list of slot holdings provided last year.

ANSWER: We have provided to Committee staff a separate listing of the slot transactions that have taken place through March 14, 1988, under the airport slot buy/sell rule.

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Date 03/14/88                          Slot Management System
                                          Listing by Holder

JFK Season = Winter   Slot Type = Air Carrier   Slots held less than 5 days are Included   Status Date = 03/14/88

    Holder:   AIR CANADA (ACA)

                                 M T W H F S U     Total      A      D      N
                      LGA  0700  X X X X X X X         1             1
                           0700  . . . . . . X         1             1
                           0730  X X X X X X X         1             1
                           0800  X X X X X X X         1      1
                           0900  X X X X X X X         2      1      1
                           0900  . . . . . . X         1      1
                           1000  X X X X X X X         1             1
                           1030  X X X X X X X         1      1
                           1130  X X X X X X X         1             1
                           1200  X X X X X X X         1      1
                           1230  X X X X X X X         1      1
                           1300  X X X X X X X         2             2
                           1430  X X X X X X X         1      1
                           1500  X X X X X X X         3      1      2
                           1530  X X X X X X X         1      1
                           1600  X X X X X X X         1      1
                           1630  X X X X X X X         2             2
                           1800  X X X X X X X         1      1
                           1830  X X X X X X X         2      1      1
                           1900  X X X X X X X         1             1
                           1930  X X X X X X X         1      1
                           2000  X X X X X X X         2      1      1
                           2100  X X X X X X X         1      1
                                 -------------------------------------------
                   Holder Totals                      30     15     15

    Holder:   AMERICAN AIRLINES (AAL)
                      LGA  0630  X X X X X X X         2             2
                           0700  X X X X X X X         2             2
                           0730  X X X X X X X         1             1
                           0800  X X X X X X X         2      1      1
                           0830  X X X X X X X         1      1
                           0900  X X X X X X X         4             4
                           0930  X X X X X X X         1      1
                           1000  X X X X X X X         1             1
                           1030  X X X X X X X         3      3
                           1100  X X X X X X X         3      1      2
                           1130  X X X X X X X         2      2
                           1200  X X X X X X X         3             3
                           1230  X X X X X X X         3      3
                           1300  X X X X X X X         3             3
                           1330  X X X X X X X         1      1
                           1400  X X X X X X X         2      1      1
                           1430  X X X X X X X         2      1      1
                           1500  X X X X X X X         1             1
                           1530  X X X X X X X         1      1
                           1600  X X X X X X X         4      2      2
                           1630  X X X X X X X         3      2      1
                           1700  X X X X X X X         1             1
                           1730  X X X X X X X         3      2      1
                           1800  X X X X X X X         2             2
                           1830  X X X X X X X         1             1
                           1900  X X X X X X X         4      3      1
                           1930  X X X X X X X         2      1      1
                           2000  X X X X X X X         1      1
                           2000  X X X X X . X         1             1
                           2000  . . . . . X .         1             1
                           2030  X X X X X X X         2      2
                           2100  X X X X X X X         2      1      1
                           2100  X X X X X . X         1             1
                           2100  . . . . . X .         1             1
                           2200  X X X X X X X         3      3
                           2300  X X X X X X X         1      1
                                 -------------------------------------------
                   Holder Totals                      71     34     37
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Holder:			M	T	W	H	F	S	U	Total	A	D	N
BRANIFF AIRWAYS (BNF)	LGA	0630	X	X	X	X	X	X	X	1		1	
		0730	X	X	X	X	X	X	X	1		1	
		0800	X	X	X	X	X	X	X	1		1	
		1200	X	X	X	X	X	X	X	1	1		
		1600	X	X	X	X	X	X	X	2	1	1	
		1700	X	X	X	X	X	X	X	1		1	
		2100	X	X	X	X	X	X	X	1	1		
		2230	X	X	X	X	X	X	X	1	1		
	Holder Totals									9	4	5	
CONTINENTAL AIRLINES (COA)	LGA	0630	X	X	X	X	X	X	X	1		1	
		0730	X	X	X	X	X	X	X	1		1	
		0830	X	X	X	X	X	X	X	1	1		
		0900	X	X	X	X	X	X	X	2		2	
		0930	X	X	X	X	X	X	X	1		1	
		1100	X	X	X	X	X	X	X	2	1	1	
		1130	X	X	X	X	X	X	X	1		1	
		1200	X	X	X	X	X	X	X	2	2		
		1230	X	X	X	X	X	X	X	2	1	1	
		1300	X	X	X	X	X	X	X	1		1	
		1330	X	X	X	X	X	X	X	1		1	
		1400	X	X	X	X	X	X	X	1	1		
		1430	X	X	X	X	X	X	X	1		1	
		1500	X	X	X	X	X	X	X	3	1	2	
		1530	X	X	X	X	X	X	X	1	1		
		1600	X	X	X	X	X	X	X	1	1		
		1630	X	X	X	X	X	X	X	1		1	
		1700	X	X	X	X	X	X	X	2	1	1	
		1800	X	X	X	X	X	X	X	1		1	
		1830	X	X	X	X	X	X	X	1	1		
		1900	X	X	X	X	X	X	X	2	1	1	
		2000	X	X	X	X	X	X	X	2		2	
		2030	X	X	X	X	X	X	X	1		1	
		2100	X	X	X	X	X	X	X	2	2		
		2130	X	X	X	X	X	X	X	1	1		
		2200	X	X	X	X	X	X	X	2	1	1	
		2230	X	X	X	X	X	X	X	1	1		
		2300	X	X	X	X	X	X	X	1	1		
		2330	X	X	X	X	X	X	X	1	1		
	Holder Totals									40	19	21	
DELTA AIRLINES (DAL)	LGA	0630	X	X	X	X	X	X	X	2		2	
		0630	.	.	.	.	.	.	X	1		1	
		0730	X	X	X	X	X	X	X	2	1	1	
		0800	X	X	X	X	X	X	X	2		2	
		0830	X	X	X	X	X	X	X	5	1	4	
		0900	X	X	X	X	X	X	X	1	1		
		1000	X	X	X	X	X	X	X	5	2	3	
		1030	X	X	X	X	X	X	X	1	1		
		1100	X	X	X	X	X	X	X	4	1	3	
		1130	X	X	X	X	X	X	X	2	1	1	
		1200	X	X	X	X	X	X	X	2	2		
		1230	X	X	X	X	X	X	X	1		1	
		1300	X	X	X	X	X	X	X	1		1	
		1330	X	X	X	X	X	X	X	3	2	1	
		1400	X	X	X	X	X	X	X	4	3	1	
		1430	X	X	X	X	X	X	X	2	1	1	
		1500	X	X	X	X	X	X	X	4	1	3	
		1530	X	X	X	X	X	X	X	1		1	
		1600	X	X	X	X	X	X	X	3	2	1	
		1700	X	X	X	X	X	X	X	3	2	1	
		1730	X	X	X	X	X	X	X	4	2	2	
		1800	X	X	X	X	X	X	X	2		2	
		1830	X	X	X	X	X	X	X	3	2	1	
		1900	X	X	X	X	X	X	X	1	1		
		1930	X	X	X	X	X	X	X	2	1	1	
		2000	X	X	X	X	X	X	X	2		2	
		2030	X	X	X	X	X	X	X	2	2		
		2100	X	X	X	X	X	X	X	2	2		
		2130	X	X	X	X	X	X	X	3	1	2	
		2200	X	X	X	X	X	X	X	2	2		
		2230	X	X	X	X	X	X	X	2	1	1	
		2300	X	X	X	X	X	X	X	1	1		
		2330	X	X	X	X	X	X	X	2	2		
	Holder Totals									77	38	39	
EASTERN AIRLINES (EAL)	LGA	0630	X	X	X	X	X	X	X	1		1	
		0700	X	X	X	X	X	X	X	3	1	2	
		0700	X	X	X	X	X	X	.	1		1	
		0700	X	X	X	X	X	.	.	1		1	
		0730	X	X	X	X	X	X	X	2		2	
		0730	X	X	X	X	X	.	.	2	2		
		0800	X	X	X	X	X	X	X	4	2	2	
		0800	X	X	X	X	X	X	.	2		2	
		0830	X	X	X	X	X	X	X	1		1	
		0900	X	X	X	X	X	X	X	6	3	3	
		0900	X	X	X	X	X	X	.	1	1		
		0930	X	X	X	X	X	X	X	3	2	1	
		1000	X	X	X	X	X	X	X	5	2	3	

		M	T	W	H	F	S	U	Total	A	D	N
	1030	X	X	X	X	X	X	X	4	3	1	
	1100	X	X	X	X	X	X	X	6	3	3	
	1130	X	X	X	X	X	X	X	4	3	1	
	1200	X	X	X	X	X	X	X	6	1	5	
	1230	X	X	X	X	X	X	X	3	2	1	
	1300	X	X	X	X	X	X	X	7	3	4	
	1330	X	X	X	X	X	X	X	5	2	3	
	1400	X	X	X	X	X	X	X	4	3	1	
	1430	X	X	X	X	X	X	X	4	3	1	
	1500	X	X	X	X	X	X	X	5	2	3	
	1530	X	X	X	X	X	X	X	6	3	3	
	1600	X	X	X	X	X	X	X	4	1	3	
	1630	X	X	X	X	X	X	X	3	3		
	1700	X	X	X	X	X	X	X	5	1	4	
	1730	X	X	X	X	X	X	X	5	3	2	
	1800	X	X	X	X	X	X	X	6	2	4	
	1830	X	X	X	X	X	X	X	3	2	1	
	1900	X	X	X	X	X	X	X	8	4	4	
	1930	X	X	X	X	X	X	X	4	2	2	
	2000	X	X	X	X	X	X	X	6	3	3	
	2000	X	X	X	X	X	.	X	1		1	
	2000	.	.	.	.	.	X	.	1		1	
	2030	X	X	X	X	X	X	X	2	2		
	2100	X	X	X	X	X	X	X	3	2	1	
	2100	X	X	X	X	X	.	X	1		1	
	2100	.	.	.	.	.	X	.	1		1	
	2130	X	X	X	X	X	X	X	5	3	2	
	2200	X	X	X	X	X	X	X	4	3	1	
	2300	X	X	X	X	X	X	X	1	1		
	2330	X	X	X	X	X	X	X	1	1		
Holder Totals									150	74	76	

Holder: FAA (TEMPORARY HOLDER) (0001)

		M	T	W	H	F	S	U	Total	A	D	N
LGA	0600	X	X	X	X	X	X	X	20	10	10	
	0600	X	.	.	.	.	.	X	1	1		
	0630	X	X	X	X	X	X	X	10	6	4	
	0630	X	.	.	.	.	.	.	1		1	
	0700	X	X	X	X	X	X	X	2		2	
	0700	.	.	.	.	.	X	.	1		1	
	0700	.	.	.	.	.	.	X	1		1	
	0730	X	X	X	X	X	X	X	6	1	5	
	0730	.	.	.	.	.	X	X	2	2		
	0800	X	X	X	X	X	X	X	2	2		
	0800	.	.	.	.	.	.	X	2		2	
	0830	X	X	X	X	X	X	X	3	1	2	
	0900	X	X	X	X	X	X	X	4	2	2	
	0930	X	X	X	X	X	X	X	2		2	
	1000	X	X	X	X	X	X	X	3	2	1	
	1000	.	.	.	.	.	X	X	1	1		
	1030	X	X	X	X	X	X	X	4	2	2	
	1100	X	X	X	X	X	X	X	1		1	
	1130	X	X	X	X	X	X	X	2	1	1	
	1200	X	X	X	X	X	X	X	2		2	
	1230	X	X	X	X	X	X	X	4		4	
	1300	X	X	X	X	X	X	X	3	3		
	1330	X	X	X	X	X	X	X	3	2	1	
	1400	X	X	X	X	X	X	X	2		2	
	1430	X	X	X	X	X	X	X	1	1		
	1500	X	X	X	X	X	X	X	1	1		
	1530	X	X	X	X	X	X	X	3	2	1	
	1600	X	X	X	X	X	X	X	3	2	1	
	1630	X	X	X	X	X	X	X	4	2	2	
	1700	X	X	X	X	X	X	X	3	2	1	
	1730	X	X	X	X	X	X	X	1	1		
	1800	X	X	X	X	X	X	X	3	2	1	
	1830	X	X	X	X	X	X	X	3		3	
	1900	X	X	X	X	X	X	X	4	1	3	
	1930	X	X	X	X	X	X	X	2		2	
	2000	X	X	X	X	X	X	X	3	2	1	
	2000	X	X	X	X	X	.	X	1		1	
	2000	.	.	.	.	.	X	.	1		1	
	2030	X	X	X	X	X	X	X	3	1	2	
	2100	X	X	X	X	X	X	X	2	1	1	
	2100	X	X	X	X	X	.	X	1		1	
	2100	.	.	.	.	.	X	.	1		1	
	2130	X	X	X	X	X	X	X	3	2	1	
	2200	X	X	X	X	X	X	X	3		3	
	2230	X	X	X	X	X	X	X	10	4	6	
	2230	X	X	X	X	X	.	X	1	1		
	2300	X	X	X	X	X	X	X	16	9	7	
	2330	X	X	X	X	X	X	X	17	10	7	
Holder Totals									172	80	92	

Holder: FEDERAL EXPRESS (FDX)

		M	T	W	H	F	S	U	Total	A	D	N
LGA	0600	.	X	X	X	X	X	.	1	1		
	0630	.	X	X	X	X	X	.	1		1	
Holder Totals									2	1	1	

			M	T	W	H	F	S	U	Total	A	D	N
Holder: MIDWAY AIRLINES (MID)	LGA	0700	X	X	X	X	X	X	X	1		1	
		0830	X	X	X	X	X	X	X	1		1	
		1000	X	X	X	X	X	.	.	1	1		
		1030	X	X	X	X	X	X	X	1		1	
		1100	X	X	X	X	X	X	X	1	1		
		1130	X	X	X	X	X	X	X	1		1	
		1200	X	X	X	X	X	X	X	1	1		
		1400	X	X	X	X	X	X	X	1		1	
		1500	X	X	X	X	X	X	X	1	1		
		1600	X	X	X	X	X	X	X	1		1	
		1800	X	X	X	X	X	X	X	1	1		
		1830	X	X	X	X	X	X	X	1		1	
		2000	X	X	X	X	X	X	X	1	1		
		2030	X	X	X	X	X	X	X	2	1	1	
		2130	X	X	X	X	X	X	X	1	1		
		2200	X	X	X	X	X	X	X	1	1		
	Holder Totals									17	9	8	
Holder: MIDWEST EXPRESS (MEP)	LGA	1030	X	X	X	X	X	X	X	1	1		
		1100	X	X	X	X	X	X	X	1		1	
		1800	X	X	X	X	X	X	X	1	1		
		1900	X	X	X	X	X	X	X	1		1	
	Holder Totals									4	2	2	
Holder: NORTHWEST AIRLINES (NWA)	LGA	0630	X	X	X	X	X	X	X	2		2	
		0700	X	X	X	X	X	X	X	1		1	
		0730	X	X	X	X	X	X	X	1		1	
		0800	X	X	X	X	X	X	X	2	1	1	
		0900	X	X	X	X	X	X	X	1		1	
		0930	X	X	X	X	X	X	X	3	1	2	
		1000	X	X	X	X	X	X	X	3	2	1	
		1030	X	X	X	X	X	X	X	2	1	1	
		1100	X	X	X	X	X	X	X	3	2	1	
		1130	X	X	X	X	X	X	X	2	1	1	
		1200	X	X	X	X	X	X	X	1		1	
		1230	X	X	X	X	X	X	X	2	2		
		1300	X	X	X	X	X	X	X	2		2	
		1330	X	X	X	X	X	X	X	1	1		
		1400	X	X	X	X	X	X	X	1		1	
		1430	X	X	X	X	X	X	X	2	1	1	
		1500	X	X	X	X	X	X	X	2	1	1	
		1530	X	X	X	X	X	X	X	2	1	1	
		1600	X	X	X	X	X	X	X	3	1	2	
		1630	X	X	X	X	X	X	X	3	2	1	
		1700	X	X	X	X	X	X	X	3	2	1	
		1730	X	X	X	X	X	X	X	3	1	2	
		1830	X	X	X	X	X	X	X	2	1	1	
		1900	X	X	X	X	X	X	X	2	1	1	
		1930	X	X	X	X	X	X	X	3	1	2	
		2030	X	X	X	X	X	X	X	3	1	2	
		2100	X	X	X	X	X	X	X	2	2		
		2200	X	X	X	X	X	X	X	4	3	1	
		2230	X	X	X	X	X	X	X	1	1		
	Holder Totals									62	30	32	
Holder: PAN AM EXPRESS (PXX)	LGA	2230	X	X	X	X	X	X	X	1	1		
	Holder Totals									1	1		
Holder: PAN AMERICAN WORLD AIRWAYS (PAA)	LGA	0630	X	X	X	X	X	X	X	2		2	
		0730	X	X	X	X	X	X	X	4	2	2	
		0800	X	X	X	X	X	X	X	1	1		
		0830	X	X	X	X	X	X	X	3	1	2	
		0900	X	X	X	X	X	X	X	1	1		
		0930	X	X	X	X	X	X	X	4	1	3	
		1000	X	X	X	X	X	X	X	2	2		
		1030	X	X	X	X	X	X	X	3	1	2	
		1130	X	X	X	X	X	X	X	4	2	2	
		1200	X	X	X	X	X	X	X	1	1		
		1230	X	X	X	X	X	X	X	4	1	3	
		1300	X	X	X	X	X	X	X	1	1		
		1330	X	X	X	X	X	X	X	5	2	3	
		1400	X	X	X	X	X	X	X	2	2		
		1430	X	X	X	X	X	X	X	3		3	
		1500	X	X	X	X	X	X	X	1	1		
		1530	X	X	X	X	X	X	X	3	1	2	
		1630	X	X	X	X	X	X	X	5	3	2	
		1700	X	X	X	X	X	X	X	2	2		
		1730	X	X	X	X	X	X	X	2		2	
		1800	X	X	X	X	X	X	X	2	1	1	
		1830	X	X	X	X	X	X	X	3	1	2	
		1900	X	X	X	X	X	X	X	2	2		
		1930	X	X	X	X	X	X	X	2		2	
		2000	X	X	X	X	X	X	X	1	1		
		2030	X	X	X	X	X	X	X	4	2	2	

		M	T	W	H	F	S	U	Total	A	D	N
	2100	X	X	X	X	X	X	X	1	1		
	2130	X	X	X	X	X	X	X	2	1	1	
	2200	X	X	X	X	X	X	X	1	1		
Holdsr Totals									71	35	36	

Holder: PIEDMONT AVIATION (PAI)

		M	T	W	H	F	S	U	Total	A	D	N
LGA	0630	X	X	X	X	X	X	X	1		1	
	0700	X	X	X	X	X	X	X	4		4	
	0730	X	X	X	X	X	X	X	2	1	1	
	0800	X	X	X	X	X	X	X	2	2		
	0830	X	X	X	X	X	X	X	5	2	3	
	0900	X	X	X	X	X	X	X	1	1		
	0930	X	X	X	X	X	X	X	5	2	3	
	1030	X	X	X	X	X	X	X	3	2	1	
	1100	X	X	X	X	X	X	X	2	1	1	
	1130	X	X	X	X	X	X	X	4	2	2	
	1200	X	X	X	X	X	X	X	1		1	
	1230	X	X	X	X	X	X	X	2		2	
	1300	X	X	X	X	X	X	X	2	2		
	1330	X	X	X	X	X	X	X	3	2	1	
	1400	X	X	X	X	X	X	X	2	1	1	
	1430	X	X	X	X	X	X	X	3	1	2	
	1500	X	X	X	X	X	X	X	3	1	2	
	1530	X	X	X	X	X	X	X	1	1		
	1600	X	X	X	X	X	X	X	4	2	2	
	1630	X	X	X	X	X	X	X	2	1	1	
	1700	X	X	X	X	X	X	X	2	1	1	
	1730	X	X	X	X	X	X	X	3	2	1	
	1800	X	X	X	X	X	X	X	4	2	2	
	1830	X	X	X	X	X	X	X	5	2	3	
	1900	X	X	X	X	X	X	X	2	1	1	
	1930	X	X	X	X	X	X	X	1		1	
	2000	X	X	X	X	X	X	X	2	1	1	
	2030	X	X	X	X	X	X	X	1		1	
	2100	X	X	X	X	X	X	X	1	1		
	2130	X	X	X	X	X	X	X	3	2	1	
	2200	X	X	X	X	X	X	X	3	2	1	
	2230	X	X	X	X	X	X	X	2	2		
	2300	X	X	X	X	X	X	X	1	1		
Holder Totals									82	41	41	

Holder: TRANS WORLD AIRLINES (TWA)

		M	T	W	H	F	S	U	Total	A	D	N
LGA	0600	X	X	X	X	X	X	X	1		1	
	0730	X	X	X	X	X	X	X	1		1	
	0800	X	X	X	X	X	X	X	3	1	2	
	0830	X	X	X	X	X	X	X	1		1	
	0900	X	X	X	X	X	X	X	1		1	
	0930	X	X	X	X	X	X	X	1		1	
	1000	X	X	X	X	X	X	X	2	1	1	
	1030	X	X	X	X	X	X	X	1		1	
	1130	X	X	X	X	X	X	X	1		1	
	1200	X	X	X	X	X	X	X	2	1	1	
	1230	X	X	X	X	X	X	X	1		1	
	1300	X	X	X	X	X	X	X	2	2		
	1400	X	X	X	X	X	X	X	1		1	
	1530	X	X	X	X	X	X	X	2	2		
	1600	X	X	X	X	X	X	X	1		1	
	1630	X	X	X	X	X	X	X	2	2		
	1700	X	X	X	X	X	X	X	1		1	
	1730	X	X	X	X	X	X	X	2	1	1	
	1800	X	X	X	X	X	X	X	1		1	
	1830	X	X	X	X	X	X	X	2	2		
	1900	X	X	X	X	X	X	X	1	1		
	1930	X	X	X	X	X	X	X	2	1	1	
	2000	X	X	X	X	X	X	X	2	2		
	2000	X	X	X	X	X	.	X	1		1	
	2000	.	.	.	.	.	X	.	1		1	
	2030	X	X	X	X	X	X	X	1		1	
	2100	X	X	X	X	X	X	X	2	2		
	2200	X	X	X	X	X	X	X	1	1		
	2230	X	X	X	X	X	X	X	1	1		
	2300	X	X	X	X	X	X	X	2	2		
	2330	X	X	X	X	X	X	X	1	1		
Holder Totals									44	23	21	

Holder: UNITED AIRLINES (UAL)

		M	T	W	H	F	S	U	Total	A	D	N
LGA	0630	X	X	X	X	X	X	X	1		1	
	0700	X	X	X	X	X	X	X	4	1	3	
	0730	X	X	X	X	X	X	X	1	1		
	0800	X	X	X	X	X	X	X	1		1	
	0830	X	X	X	X	X	X	X	2	1	1	
	0900	X	X	X	X	X	X	X	3	1	2	
	0930	X	X	X	X	X	X	X	2	1	1	
	1000	X	X	X	X	X	X	X	1		1	
	1030	X	X	X	X	X	X	X	1	1		
	1100	X	X	X	X	X	X	X	2	1	1	
	1130	X	X	X	X	X	X	X	2	1	1	
	1200	X	X	X	X	X	X	X	3	2	1	
	1230	X	X	X	X	X	X	X	2	1	1	
	1300	X	X	X	X	X	X	X	1		1	
	1330	X	X	X	X	X	X	X	1	1		

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                          M T W H F S U    Total      A      D      N
                  1400    X X X X X X X      2               2
                  1430    X X X X X X X      2        2
                  1500    X X X X X X X      1               1
                  1530    X X X X X X X      4        2      2
                  1630    X X X X X X X      1        1
                  1700    X X X X X X X      2        1      1
                  1730    X X X X X X X      3        1      2
                  1800    X X X X X X X      1               1
                  1830    X X X X X X X      2        2
                  1900    X X X X X X X      2               2
                  1930    X X X X X X X      2        2
                  2000    X X X X X X X      2               2
                  2030    X X X X X X X      2        2
                  2100    X X X X X X X      2        1      1
                  2130    X X X X X X X      1        1
                  2230    X X X X X X X      1        1
                  2230    . . . . . X .      1        1
                  2330    X X X X X X X      1        1
                          ------------------------------------------
          Holder Totals                     59       30     29


Holder:   USAIR (USA)

              LGA 0630    X X X X X X X      1               1
                  0700    X X X X X X X      4        1      3
                  0730    X X X X X X X      3        2      1
                  0800    X X X X X X X      3        2      1
                  0830    X X X X X X X      3        1      2
                  0900    X X X X X X X      3        1      2
                  0930    X X X X X X X      4        3      1
                  1000    X X X X X X X      3               3
                  1030    X X X X X X X      1        1
                  1100    X X X X X X X      3        2      1
                  1130    X X X X X X X      1               1
                  1200    X X X X X X X      2        1      1
                  1230    X X X X X X X      1        1
                  1300    X X X X X X X      4        2      2
                  1330    X X X X X X X      2        1      1
                  1400    X X X X X X X      3        1      2
                  1430    X X X X X X X      2        1      1
                  1500    X X X X X X X      1        1
                  1530    X X X X X X X      2        1      1
                  1600    X X X X X X X      1               1
                  1630    X X X X X X X      2        1      1
                  1700    X X X X X X X      3        2      1
                  1730    X X X X X X X      3        1      2
                  1800    X X X X X X X      3        2      1
                  1830    X X X X X X X      2               2
                  1900    X X X X X X X      3        2      1
                  1930    X X X X X X X      3        1      2
                  2000    X X X X X X X      3        2      1
                  2030    X X X X X X X      2        2
                  2100    X X X X X X X      3        1      2
                  2130    X X X X X X X      2        1      1
                  2200    X X X X X X X      2        1      1
                  2230    X X X X X X X      2        2
                          ------------------------------------------
          Holder Totals                     80       40     40


                       Slot Management System
                         Listing by Holder

JFK Season = Winter   Slot Type = Commuter      Slots held less than 5 days are Included   Status Date = 03/14/88

   Holder:   BAR HARBOR AIRLINES (AJC)

                          M T W H F S U    Total      A      D      N
              LGA 0730    X X X X X X X      1        1
                  0730    X X X X X X .      2        1      1
                  0800    X X X X X X X      1        1
                  0830    X X X X X X X      1               1
                  0900    X X X X X X X      1               1
                  1130    X X X X X X X      2        1      1
                  1230    X X X X X X X      1        1
                  1330    X X X X X X X      3        1      2
                  1400    X X X X X X X      1        1
                  1430    X X X X X X X      1               1
                  1700    X X X X X X X      3        2      1
                  1730    X X X X X X X      1               1
                  1830    X X X X X X X      1        1
                  1900    X X X X X X X      2        1      1
                  1930    X X X X X X X      1               1
                  2130    X X X X X X .      2        1      1
                          ------------------------------------------
          Holder Totals                     24       12     12


   Holder:   BROCKWAY AIRLINES (CVA)

              LGA 0800    X X X X X X X      1        1
                  0830    X X X X X X X      1               1
                  1230    X X X X X X X      1        1
                  1300    X X X X X X X      2        1      1
                  1330    X X X X X X X      1               1
                  1700    X X X X X X X      1        1
                  1800    X X X X X X X      1               1
```

		M T W H F S U	Total	A	D	N
	1930	X X X X X X X	2	1	1	
	2030	X X X X X X X	2	1	1	
	2100	X X X X X X X	1	1		
	2130	X X X X X X X	1		1	
Holder Totals			14	7	7	

Holder: BUSINESS EXPRESS (GAA)

LGA	0600	X	2	1	1	
	0630	X X X X X . .	1	1		
	0630	. X X X X . .	2	1	1	
	0700	X X X X X . .	1		1	
	0730	X X X X X X ^	1	1		
	0730	X X X X X X .	2	1	1	
	0730	X X X X X . .	1	1		
	0800	X X X X X X X	1		1	
	0800	X X X X X . .	1		1	
	0900	X X X X X X .	1	1		
	0930	X X X X X . X	1	1		
	1000	X X X X X X X	2	1	1	
	1000	X X X X X . X	2	1	1	
	1030	X X X X X . X	1		1	
	1100	X X X X X X X	2	1	1	
	1130	X X X X X X X	1		1	
	1200	X X X X X X X	1	1		
	1230	X X X X X . X	2	1	1	
	1300	X X X X X . X	1		1	
	1330	X X X X X X X	1	1		
	1400	X X X X X X X	2	1	1	
	1430	X X X X X X X	2	1	1	
	1500	X X X X X X X	2	1	1	
	1530	X X X X X X X	1		1	
	1600	X X X X X X X	2	1	1	
	1630	X X X X X X X	2	1	1	
	1700	X X X X X X X	2	1	1	
	1730	X X X X X X X	3	2	1	
	1800	X X X X X X X	2	1	1	
	1830	X X X X X X X	3	2	1	
	1900	X X X X X X X	1		1	
	1900	X X X X X . X	1	1		
	1930	X X X X X X X	*2	1	1	
	2000	X X X X X X X	2	1	1	
	2030	X X X X X X X	1		1	
	2130	X X X X X X X	1		1	
Holder Totals			56	28	28	

Holder: CATSKILL AIRWAYS (CSK)

LGA	0730	X X X X X X X	1	1		
	0830	X X X X X X X	1		1	
	1100	X X X X X X X	1	1		
	1400	X X X X X X X	1		1	
	1630	X X X X X X X	1	1		
	1800	X X X X X X X	1		1	
Holder Totals			6	3	3	

Holder: COMMAND AIRWAYS (CMD)

LGA	0630	X X X X X X .	3	2	1	
	0700	X X X X X X .	1		1	
	0730	X X X X X X X	1	1		
	0800	X X X X X X X	1		1	
	0800	X X X X X X .	1	1		
	0900	X X X X X X .	1		1	
	0930	X X X X X X .	2	1	1	
	1030	X X X X X X .	1	1		
	1100	X X X X X X X	1	1		
	1100	X X X X X X .	2	1	1	
	1100	X X X X X . .	1	1		
	1130	X X X X X X X	1		1	
	1130	. . . . . X X	1	1		
	1200	X X X X X X X	1		1	
	1300	X X X X X X X	1	1		
	1300	X X X X X . X	1		1	
	1330	X X X X X X X	2	1	1	
	1330	X X X X X . X	1		1	
	1400	X X X X X X X	1	1		
	1430	X X X X X X X	1		1	
	1430	X X X X X . X	1	1		
	1500	X X X X X X X	2	1	1	
	1530	X X X X X X X	1		1	
	1600	X X X X X . X	1	1		
	1730	X X X X X . X	1		1	
	1900	X X X X X X X	2	2		
	1930	X X X X X X X	1		1	
	2000	X X X X X X X	1		1	
	2030	X X X X X X X	1	1		
	2100	X X X X X . X	1		1	
	2200	X X X X X . X	2	1	1	
Holder Totals			39	20	19	

Holder: EAST HAMPTON AIRE (EHA)

		M T W H F S U	Total	A	D	N
LGA	0630	X X X X X X X	2	1	1	
	0630	X	2	1	1	
	0800	X X X X X X X	1	1		
	0830	X X X X X X X	1		1	
	0930	X X X X X X X	1	1		
	1000	X X X X X X X	1		1	
	1200	X X X X X X X	2	1	1	
	1400	X X X X X X X	1	1		
	1430	X X X X X X X	1		1	
	1600	X X X X X X X	1	1		
	1630	X X X X X X X	1		1	
	1730	X X X X X X X	1	1		
	1800	X X X X X X X	1		1	
	2100	X X . X X X X	2	1	1	
Holder Totals			18	9	9	

Holder: FAA (TEMPORARY HOLDER) (0001)

		M T W H F S U	Total	A	D	N
LGA	0600	X X X X X X X	4	2	2	
	0600	. X X X X X X	2	1	1	
	0630	. . . . . X X	3	2	1	
	0630	 X	3	2	1	
	0700	. . . . . X X	1		1	
	0700	 X	3	1	2	
	0730	X X X X X X X	1		1	
	0730	. . . . . X X	1	1		
	0730	. . . . . X .	1	1		
	0730	 X	4	2	2	
	0800	. . . . . X X	1		1	
	0800	 X	5	3	2	
	0830	X X X X X X X	1		1	
	0900	 X	3	1	2	
	0930	X X X X X X X	2	1	1	
	0930	. . . . . X .	1	1		
	0930	 X	2	1	1	
	1000	. . . . . X .	2	1	1	
	1030	X X X X X X X	1	1		
	1030	. . . . . X X	1	1		
	1030	. . . . . X .	1		1	
	1030	 X	1	1		
	1100	. . . . . X X	2	1	1	
	1100	 X	2	1	1	
	1130	X X X X X X X	1		1	
	1130	X X X X X . .	1	1		
	1200	X X X X X X X	1	1		
	1230	X X X X X X X	1		1	
	1230	. . . . . X .	2	1	1	
	1300	. . . . . X .	2		2	
	1330	. . . . . X .	1		1	
	1430	. . . . . X .	1	1		
	1530	X X X X X X X	1	1		
	1530	. . . . . X .	1	1		
	1600	X X X X X X X	1	1		
	1600	. . . . . X .	1	1		
	1630	X X X X X X X	1		1	
	1730	X X X X X X X	1		1	
	1730	. . . . . X .	1		1	
	1800	. . . . . X .	1	1		
	1830	X X X X X X X	1		1	
	1830	. . . . . X .	1		1	
	1900	. . . . . X .	1	1		
	2000	X X X X X X X	1	1		
	2030	X X X X X X X	2		2	
	2030	. . . . . X .	1	1		
	2100	X X X X X X X	1	1		
	2100	. . X	2	1	1	
	2100	. . . . . X .	1		1	
	2130	X X X X X X X	1	1		
	2130	. . . . . X .	1		1	
	2200	X X X X X X X	3	2	1	
	2200	. . . . . X .	2	1	1	
	2230	X X X X X X X	7	4	3	
	2300	X X X X X X X	6	3	3	
	2300	. . . . . X X	1		1	
	2330	X X X X X X X	7	4	3	
Holder Totals			105	54	51	

Holder: GULL AIR (GUL)

		M T W H F S U	Total	A	D	N
LGA	0930	X X X X X X X	1	1		
	1030	X X X X X X X	1		1	
	2030	X X X X X X X	2	1	1	
Holder Totals			4	2	2	

Holder: LONG ISLAND AIRWAYS (ORA)

		M T W H F S U	Total	A	D	N
LGA	0800	X X X X X X .	1	1		
	0900	X X X X X X .	1		1	
	1130	X X X X X X X	1	1		
	1230	X X X X X X X	1		1	
	1700	X X X X X X X	1	1		
	1800	X X X X X X X	1		1	
Holder Totals			6	3	3	

```
                                                     M T W H F S U      Total        A        D        N
Holder:   PAN AM EXPRESS (PXX)              LGA   0730   X X X X X . X          1        1
                                                  0800   X X X X X X .          1                 1
                                                  1030   X X X X X . .          1        1
                                                  1100   X X X X X . .          1                 1
                                                  1200   X X X X X X X          2        1        1
                                                  1530   X X X X X . X          1        1
                                                  1600   X X X X X X X          1                 1
                                                  1800   X X X X X . X          1        1
                                                  1830   X X X X X . X          1                 1
                                                  2030   X X X X X . X          1        1
                                                  2130   X X X X X . X          1                 1
                                                  2300   X X X X X . .          1                 1
                                                       ----------------------------------------------------
                                         Holder Totals                         13        6        7

Holder:   PENNSYLVANIA COMMUTER AIRLINES (PCA)

                                            LGA   0900   X X X X X X X          2        1        1
                                                  1530   X X X X X X X          2        1        1
                                                  1830   X X X X X X X          1        1
                                                  1900   X X X X X X X          1                 1
                                                       ----------------------------------------------------
                                         Holder Totals                          6        3        3

Holder:   PRECISION AIRLINES (PRE)
                                            LGA   1000   X X X X X X X          2        2
                                                  1030   X X X X X X X          1                 1
                                                  1100   X X X X X X X          1                 1
                                                  1530   X X X X X X X          2        1        1
                                                  2000   X X X X X X X          1        1
                                                  2100   X X X X X X X          2        1        1
                                                  2130   X X X X X X X          1                 1
                                                       ----------------------------------------------------
                                         Holder Totals                         10        5        5

Holder:   PROVINCETOWN-BOSTON AIRLINES (PBA)
                                            LGA   0800   X X X X X X .          2        1        1
                                                  1030   X X X X X X X          2        1        1
                                                  1230   X X X X X X X          1        1
                                                  1300   X X X X X X X          1                 1
                                                  1500   X X X X X X X          2        1        1
                                                  1600   X X X X X X X          2        1        1
                                                  1630   X X X X X X X          1        1
                                                  1730   X X X X X X X          1                 1
                                                  1900   X X X X X X X          1        1
                                                  1930   X X X X X X X          1                 1
                                                  2130   . . . . . . X          2        1        1
                                                       ----------------------------------------------------
                                         Holder Totals                         16        8        8

Holder:   SOUTHERN JERSEY AIRWAYS (ALC)
                                            LGA   0700   X X X X X X .          2        1        1
                                                  0900   X X X X X X X          2        1        1
                                                  1230   X X X X X X X          2        1        1
                                                  1430   X X X X X X X          2        1        1
                                                  1700   X X X X X X X          2        1        1
                                                  2200   X X X X X X X          2        1        1
                                                       ----------------------------------------------------
                                         Holder Totals                         12        6        6


                                           Slot Management System
                                             Listing by Holder

JFK Season = Both     Slot Type = Air Carrier    Slots held less than 5 days are Included    Status Date = 03/14/88

     Holder:   AMERICAN AIRLINES (AAL)

                                                         M T W H F S U      Total        A        D        N
                                            DCA   0700   X X X X X X X          2                          2
                                                  0800   X X X X X X X          2                          2
                                                  0900   X X X X X X X          1                          1
                                                  1000   X X X X X X X          2                          2
                                                  1100   X X X X X X X          3                          3
                                                  1200   X X X X X X X          4                          4
                                                  1300   X X X X X X X          2                          2
                                                  1500   X X X X X X X          3                          3
                                                  1600   X X X X X X X          3                          3
                                                  1700   X X X X X X X          1                          1
                                                  1800   X X X X X X X          1                          1
                                                  1900   X X X X X X X          2                          2
                                                  2000   X X X X X X X          2                          2
                                                  2100   X X X X X X X          2                          2
                                                  2200   X X X X X X X          1                          1
                                                  2300   X X X X X X X          1                          1
                                                       ------------------------------------------------------------
                                         Holder Totals                         32                         32
```

Holder		Time	M	T	W	H	F	S	U	Total	A	D	N
Holder: BRANIFF AIRWAYS (BNF)	DCA	0800	X	X	X	X	X	X	X	1			1
		1500	X	X	X	X	X	X	X	1			1
		1600	X	X	X	X	X	X	X	1			1
		2100	X	X	X	X	X	X	X	1			1
Holder Totals										4			4
Holder: CONTINENTAL AIRLINES (COA)	DCA	0700	X	X	X	X	X	X	X	3			3
		0800	X	X	X	X	X	X	X	3			3
		0900	X	X	X	X	X	X	X	3			3
		1000	X	X	X	X	X	X	X	3			3
		1100	X	X	X	X	X	X	X	3			3
		1200	X	X	X	X	X	X	X	4			4
		1300	X	X	X	X	X	X	X	2			2
		1400	X	X	X	X	X	X	X	5			5
		1500	X	X	X	X	X	X	X	1			1
		1600	X	X	X	X	X	X	X	3			3
		1700	X	X	X	X	X	X	X	1			1
		1800	X	X	X	X	X	X	X	3			3
		1900	X	X	X	X	X	X	X	5			5
		2000	X	X	X	X	X	X	X	5			5
		2100	X	X	X	X	X	X	X	3			3
		2200	X	X	X	X	X	X	X	1			1
Holder Totals										48			48
Holder: DELTA AIRLINES (DAL)	DCA	0600	X	X	X	X	X	X	X	1			1
		0700	X	X	X	X	X	X	X	5			5
		0800	X	X	X	X	X	X	X	2			2
		0900	X	X	X	X	X	X	X	3			3
		1000	X	X	X	X	X	X	X	5			5
		1100	X	X	X	X	X	X	X	2			2
		1200	X	X	X	X	X	X	X	2			2
		1300	X	X	X	X	X	X	X	2			2
		1400	X	X	X	X	X	X	X	3			3
		1500	X	X	X	X	X	X	X	1			1
		1600	X	X	X	X	X	X	X	5			5
		1700	X	X	X	X	X	X	X	4			4
		1800	X	X	X	X	X	X	X	5			5
		1900	X	X	X	X	X	X	X	1			1
		2000	X	X	X	X	X	X	X	2			2
		2100	X	X	X	X	X	X	X	4			4
		2200	X	X	X	X	X	X	X	1			1
		2300	X	X	X	X	X	X	X	1			1
Holder Totals										49			49
Holder: EASTERN AIRLINES (EAL)	DCA	0700	X	X	X	X	X	X	X	3			3
		0700	X	X	X	X	X	.	.	2			2
		0800	X	X	X	X	X	X	X	6			6
		0800	X	X	X	X	X	X	.	1			1
		0900	X	X	X	X	X	X	X	6			6
		1000	X	X	X	X	X	X	X	7			7
		1100	X	X	X	X	X	X	X	10			10
		1200	X	X	X	X	X	X	X	9			9
		1300	X	X	X	X	X	X	X	7			7
		1400	X	X	X	X	X	X	X	5			5
		1500	X	X	X	X	X	X	X	12			12
		1600	X	X	X	X	X	X	X	6			6
		1700	X	X	X	X	X	X	X	7			7
		1800	X	X	X	X	X	X	X	5			5
		1900	X	X	X	X	X	X	X	7			7
		2000	X	X	X	X	X	X	X	8			8
		2100	X	X	X	X	X	X	X	11			11
Holder Totals										112			112
Holder: FAA (TEMPORARY HOLDER) (0001)	DCA	0600	X	X	X	X	X	X	X	35			35
		0700	X	X	X	X	X	X	X	1			1
		0700	.	.	.	.	.	X	X	2			2
		0800	.	.	.	.	.	.	X	1			1
		2200	X	X	X	X	X	X	X	30			30
		2300	X	X	X	X	X	X	X	35			35
Holder Totals										104			104
Holder: MIDWAY AIRLINES (MID)	DCA	0700	X	X	X	X	X	X	X	2			2
		0900	X	X	X	X	X	X	X	1			1
		1000	X	X	X	X	X	X	X	1			1
		1100	X	X	X	X	X	X	X	2			2
		1300	X	X	X	X	X	X	X	1			1
		1400	X	X	X	X	X	X	X	1			1
		1500	X	X	X	X	X	X	X	1			1
		1700	X	X	X	X	X	X	X	1			1
		1800	X	X	X	X	X	X	X	2			2

Holder	Airport	Time	M	T	W	H	F	S	U	Total	A	D	N
		1900	X	X	X	X	X	X	X	1			1
		2100	X	X	X	X	X	X	X	1			1
Holder Totals										14			14
Holder: MIDWEST EXPRESS (MEP)	DCA	1000	X	X	X	X	X	X	X	1			1
		1200	X	X	X	X	X	X	X	1			1
		1800	X	X	X	X	X	X	X	1			1
		1900	X	X	X	X	X	X	X	1			1
Holder Totals										4			4
Holder: NORTHWEST AIRLINES (NWA)	DCA	0600	X	X	X	X	X	X	X	1			1
		0700	X	X	X	X	X	X	X	4			4
		0800	X	X	X	X	X	X	X	1			1
		0900	X	X	X	X	X	X	X	4			4
		1000	X	X	X	X	X	X	X	4			4
		1100	X	X	X	X	X	X	X	3			3
		1200	X	X	X	X	X	X	X	3			3
		1300	X	X	X	X	X	X	X	3			3
		1400	X	X	X	X	X	X	X	5			5
		1500	X	X	X	X	X	X	X	2			2
		1600	X	X	X	X	X	X	X	2			2
		1700	X	X	X	X	X	X	X	5			5
		1800	X	X	X	X	X	X	X	2			2
		1900	X	X	X	X	X	X	X	2			2
		2000	X	X	X	X	X	X	X	3			3
		2100	X	X	X	X	X	X	X	5			5
		2200	X	X	X	X	X	X	X	2			2
Holder Totals										51			51
Holder: PAN AMERICAN WORLD AIRWAYS (PAA)	DCA	0700	X	X	X	X	X	X	X	3			3
		0800	X	X	X	X	X	X	X	2			2
		0900	X	X	X	X	X	X	X	2			2
		1000	X	X	X	X	X	X	X	3			3
		1100	X	X	X	X	X	X	X	2			2
		1200	X	X	X	X	X	X	X	2			2
		1300	X	X	X	X	X	X	X	3			3
		1400	X	X	X	X	X	X	X	2			2
		1500	X	X	X	X	X	X	X	3			3
		1600	X	X	X	X	X	X	X	3			3
		1700	X	X	X	X	X	X	X	3			3
		1800	X	X	X	X	X	X	X	3			3
		1900	X	X	X	X	X	X	X	3			3
		2000	X	X	X	X	X	X	X	3			3
		2100	X	X	X	X	X	X	X	1			1
Holder Totals										38			38
Holder: PIEDMONT AVIATION (PAI)	DCA	0700	X	X	X	X	X	X	X	4			4
		0800	X	X	X	X	X	X	X	6			6
		0900	X	X	X	X	X	X	X	5			5
		1000	X	X	X	X	X	X	X	4			4
		1100	X	X	X	X	X	X	X	4			4
		1200	X	X	X	X	X	X	X	2			2
		1300	X	X	X	X	X	X	X	4			4
		1400	X	X	X	X	X	X	X	3			3
		1500	X	X	X	X	X	X	X	3			3
		1600	X	X	X	X	X	X	X	3			3
		1700	X	X	X	X	X	X	X	5			5
		1800	X	X	X	X	X	X	X	4			4
		1900	X	X	X	X	X	X	X	3			3
		2000	X	X	X	X	X	X	X	4			4
		2100	X	X	X	X	X	X	X	3			3
Holder Totals										57			57
Holder: TRANS WORLD AIRLINES (TWA)	DCA	0700	X	X	X	X	X	X	X	2			2
		0800	X	X	X	X	X	X	X	3			3
		0900	X	X	X	X	X	X	X	2			2
		1000	X	X	X	X	X	X	X	2			2
		1200	X	X	X	X	X	X	X	4			4
		1300	X	X	X	X	X	X	X	4			4
		1400	X	X	X	X	X	X	X	4			4
		1500	X	X	X	X	X	X	X	3			3
		1600	X	X	X	X	X	X	X	5			5
		1700	X	X	X	X	X	X	X	3			3
		1800	X	X	X	X	X	X	X	3			3
		1900	X	X	X	X	X	X	X	3			3
		2000	X	X	X	X	X	X	X	2			2
		2100	X	X	X	X	X	X	X	2			2
		2200	X	X	X	X	X	X	X	2			2
Holder Totals										44			44

```
                                                        M T W H F S U    Total       A       D       N
Holder:   UNITED AIRLINES (UAL)              DCA   0700  X X X X X X X        1                       1
                                                   0800  X X X X X X X        1                       1
                                                   0900  X X X X X X X        2                       2
                                                   1000  X X X X X X X        2                       2
                                                   1100  X X X X X X X        2                       2
                                                   1200  X X X X X X X        2                       2
                                                   1300  X X X X X X X        2                       2
                                                   1400  X X X X X X X        3                       3
                                                   1500  X X X X X X X        1                       1
                                                   1600  X X X X X X X        2                       2
                                                   1700  X X X X X X X        2                       2
                                                   1800  X X X X X X X        2                       2
                                                   1900  X X X X X X X        2                       2
                                                   2000  X X X X X X X        2                       2
                                                   2100  X X X X X X X        2                       2
                                                        --------------------------------------------------
                                         Holder Totals                       28                      28


Holder:   USAIR (USA)                        DCA   0700  X X X X X X X        6                       6
                                                   0800  X X X X X X X       10                      10
                                                   0900  X X X X X X X        8                       8
                                                   1000  X X X X X X X        3                       3
                                                   1100  X X X X X X X        6                       6
                                                   1200  X X X X X X X        4                       4
                                                   1300  X X X X X X X        7                       7
                                                   1400  X X X X X X X        6                       6
                                                   1500  X X X X X X X        7                       7
                                                   1600  X X X X X X X        5                       5
                                                   1700  X X X X X X X        5                       5
                                                   1800  X X X X X X X        6                       6
                                                   1900  X X X X X X X        7                       7
                                                   2000  X X X X X X X        6                       6
                                                   2100  X X X X X X X        3                       3
                                                        --------------------------------------------------
                                         Holder Totals                       89                      89


                                        Slot Management System
                                          Listing by Holder

JFK Season = Both     Slot Type = Commuter     Slots held less than 5 days are Included   Status Date = 03/

Holder:   AVAIR, INC. (FVA)

                                                        M T W H F S U    Total       A       D       N
                                             DCA   0600  X X X X X . .        2                       2
                                                   0800  X X X X X X X        1                       1
                                                   0900  X X X X X X X        1                       1
                                                   1000  X X X X X X X        2                       2
                                                   1100  X X X X X X X        2                       2
                                                   1200  X X X X X X X        1                       1
                                                   1300  X X X X X X X        3                       3
                                                   1400  X X X X X X X        1                       1
                                                   1600  X X X X X X X        3                       3
                                                   1800  X X X X X X X        1                       1
                                                   2000  X X X X X X X        3                       3
                                                        --------------------------------------------------
                                         Holder Totals                       20                      20


Holder:   BAR HARBOR AIRLINES (AJC)          DCA   1200  X X X X X X X        1                       1
                                                   1300  X X X X X X X        1                       1
                                                        --------------------------------------------------
                                         Holder Totals                        2                       2


Holder:   BROCKWAY AIRLINES (CVA)            DCA   0800  X X X X X X X        1                       1
                                                   0900  X X X X X X X        1                       1
                                                   1300  X X X X X X X        1                       1
                                                   1400  X X X X X X X        1                       1
                                                   1700  X X X X X X X        1                       1
                                                   1800  X X X X X X X        1                       1
                                                   2100  X X X X X X X        2                       2
                                                        --------------------------------------------------
                                         Holder Totals                        8                       8


Holder:   BUSINESS EXPRESS (GAA)             DCA   0700  X X X X X . .        3                       3
                                                   0800  X X X X X . .        3                       3
                                                   0900  . . . . . X .        1                       1
                                                   1100  X X X X X X X        1                       1
                                                   1200  X X X X X . .        1                       1
                                                   1600  X X X X X X X        3                       3
                                                   1700  X X X X X X X        1                       1
                                                   2000  X X X X X X X        1                       1
                                                   2000  X X X X X . X        2                       2
                                                        --------------------------------------------------
                                         Holder Totals                       16                      16
```

```
Holder:   COLGAN AIRWAYS (CJC)

                                          M T W H F S U    Total      A       D       N
                               DCA  0700  X X X X X X X      1                        1
                                    0900  X X X X X X X      1                        1
                                    1400  X X X X X X X      2                        2
                                    1900  X X X X X X X      2                        2
                                          ---------------------------------------------
                          Holder Totals                      6                        6


Holder:   FAA (TEMPORARY HOLDER) (0001)
                               DCA  0600  X X X X X X X      5                        5
                                    0600  . . . . . X X      4                        4
                                    0600  . . . . . . X      1                        1
                                    0700  . . . . . X X      4                        4
                                    0700  . . . . . X .      1                        1
                                    0700  . . . . . . X      3                        3
                                    0800  . . . . . X X      3                        3
                                    0800  . . . . . X .      1                        1
                                    0900  . . . . . . X      1                        1
                                    1200  . . . . . X X      1                        1
                                    1300  . . . . . X X      1                        1
                                    1800  . . . . . X .      1                        1
                                    1900  . . . . . X .      4                        4
                                    2000  . . . . . X .      2                        2
                                    2100  X X X X X X X      1                        1
                                    2100  . . . . . X X      1                        1
                                    2100  . . . . . X .      2                        2
                                    2200  X X X X X X X     10                       10
                                    2200  . . . . . X X      1                        1
                                    2200  . . . . . X .      1                        1
                                    2300  X X X X X X X     10                       10
                                          ---------------------------------------------
                          Holder Totals                     58                       58


Holder:   HENSON AIRLINES (HNA)
                               DCA  0600  X X X X X X X      2                        2
                                    0600  X X X X X . .      2                        2
                                    0700  X X X X X X .      1                        1
                                    0700  X X X X X . X      1                        1
                                    0800  X X X X X X X      3                        3
                                    0900  X X X X X X X      3                        3
                                    0900  X X X X X X .      1                        1
                                    1000  X X X X X X X      4                        4
                                    1100  X X X X X X X      3                        3
                                    1200  X X X X X X X      4                        4
                                    1300  X X X X X X X      3                        3
                                    1300  X X X X X . .      1                        1
                                    1400  X X X X X X X      4                        4
                                    1500  X X X X X X X      7                        7
                                    1600  X X X X X X X      1                        1
                                    1600  X X X X X . X      1                        1
                                    1700  X X X X X X X      6                        6
                                    1800  X X X X X X X      4                        4
                                    1900  X X X X X X X      2                        2
                                    1900  X X X X X . X      3                        3
                                    2000  X X X X X X X      4                        4
                                    2000  X X X X X . X      1                        1
                                    2000  . . . . . X .      1                        1
                                    2100  X X X X X X X      3                        3
                                    2100  X X X X X . X      1                        1
                                    2200  X X X X X X X      1                        1
                                    2200  X X X X X . X      1                        1
                                          ---------------------------------------------
                          Holder Totals                     68                       68


Holder:   JETSTREAM INTERNATIONAL AIRLINES (JIA)
                               DCA  0600  X X X X X X .      1                        1
                                    0900  . . . . . X .      1                        1
                                    0900  . . . . . . X      1                        1
                                    1000  X X X X X X X      2                        2
                                    2100  X X X X X . X      1                        1
                                          ---------------------------------------------
                          Holder Totals                      6                        6


Holder:   PAN AM EXPRESS (PXX)
                               DCA  0600  X X X X X X X      1                        1
                                    0700  X X X X X X X      2                        2
                                    0800  X X X X X X X      1                        1
                                    0900  X X X X X X X      1                        1
                                    0900  X X X X X . .      1                        1
                                    1000  X X X X X X X      1                        1
                                    1100  X X X X X X X      1                        1
                                    1200  X X X X X X X      1                        1
                                    1300  X X X X X X X      2                        2
                                    1500  X X X X X X X      1                        1
                                    1600  X X X X X X X      2                        2
                                    1600  . . . . . X .      1                        1
                                    1800  X X X X X X X      2                        2
                                    2000  X X X X X X X      1                        1
                                    2100  X X X X X . .      1                        1
                                    2200  X X X X X . .      1                        1
                                    2300  X X X X X X X      3                        3
                                          ---------------------------------------------
                          Holder Totals                     23                       23
```

```
Holder:   PENNSYLVANIA COMMUTER AIRLINES (PCA)

                                   M T W H F S U     Total        A        D        N
                     DCA   0900    X X X X X X X         2                          2
                           1100    X X X X X X X         1                          1
                           1200    X X X X X X X         1                          1
                           1700    X X X X X X X         1                          1
                           1800    X X X X X X X         1                          1
                           1900    X X X X X X X         1                          1
                           2100    X X X X X X X         1                          1
                                   ------------------------------------------------
                  Holder Totals                          8                          8

Holder:   POCONO AIR LINES (POC)
                     DCA   0800    X X X X X . X         1                          1
                           0900    X X X X X . X         1                          1
                           1100    X X X X X X X         2                          2
                           1200    X X X X X X X         2                          2
                           1500    X X X X X X X         1                          1
                           1600    X X X X X X X         1                          1
                           1800    X X X X X . X         1                          1
                           1900    X X X X X . X         1                          1
                                   ------------------------------------------------
                  Holder Totals                         10                         10

Holder:   SOUTHERN JERSEY AIRWAYS (ALC)
                     DCA   0700    X X X X X X .         2                          2
                           0700    X X X X X . .         1                          1
                           0800    X X X X X X X         1                          1
                           1000    X X X X X X X         1                          1
                           1100    X X X X X X X         1                          1
                           1400    X X X X X X X         4                          4
                           1700    X X X X X X X         2                          2
                           1800    X X X X X X X         1                          1
                           1900    X X X X X X X         1                          1
                           2000    X X X X X X X         1                          1
                           2100    X X X X X X X         1                          1
                                   ------------------------------------------------
                  Holder Totals                         16                         16

Holder:   SUBURBAN AIRLINES (SBN)
                     DCA   0700    X X X X X X X         2                          2
                           0800    X X X X X X X         2                          2
                           0900    X X X X X X X         1                          1
                           1000    X X X X X X X         3                          3
                           1100    X X X X X X X         2                          2
                           1200    X X X X X X X         2                          2
                           1300    X X X X X X X         2                          2
                           1400    X X X X X X X         1                          1
                           1500    X X X X X X X         4                          4
                           1600    X X X X X X X         2                          2
                           1700    X X X X X X X         2                          2
                           1800    X X X X X X X         2                          2
                           1900    X X X X X X X         3                          3
                           2100    X X X X X X X         2                          2
                                   ------------------------------------------------
                  Holder Totals                         30                         30


                          Slot Management System
                            Listing by Holder

JFK Season = Winter   Slot Type = Air Carrier   Slots held less than 5 days are Included   Status Date = 03/14/88

  Holder:   AER LINGUS (EIN)

                                   M T W H F S U     Total        A        D        N
                     JFK   1500    X . X X X X X         1                          1
                           1800    . . X . . . .         1                          1
                           1900    X . X X X X X         1                          1
                           1900    . . . . . X .         1                          1
                                   ------------------------------------------------
                  Holder Totals                          4                          4

  Holder:   AEROFLOT (AFL)
                     JFK   1500    . . . . . . X         1                          1
                                   ------------------------------------------------
                  Holder Totals                          1                          1

  Holder:   AEROLINEAS ARGENTINAS (ARG)
                     JFK   1700    . . X . . X .         1                          1
                           1900    X . X X X X X         1                          1
                                   ------------------------------------------------
                  Holder Totals                          2                          2

  Holder:   AEROMEXICO (AMX)
                     JFK   1500    X X X X X X X         1                          1
                           1700    X X X X X X X         1                          1
                                   ------------------------------------------------
                  Holder Totals                          2                          2
```

```
                                                   M T W H F S U    Total      A      D      N
Holder:   AERON INTERNATIONAL (AXI)     JFK  1800  . X . X X X .      1                      1
                                             1800  . . X . . . .      1                      1
                                             1900  . . . . . X .      1                      1
                                                   ---------------------------------------------
                                    Holder Totals                     3                      3

Holder:   AIR AFRIQUE (RKA)             JFK  1900  . . X . . . .      1                      1
                                                   ---------------------------------------------
                                    Holder Totals                     1                      1

Holder:   AIR FRANCE (AFR)              JFK  1500  X X X X X X X      1                      1
                                             1500  . . . . . X .      1                      1
                                             1600  X . . . . . .      1                      1
                                             1600  . X X . . . .      1                      1
                                             1600  . . . . X . .      1                      1
                                             1700  . . . . . X X      1                      1
                                             1800  . . . . . X .      2                      2
                                             1900  X X X . X . X      1                      1
                                             1900  X . X X X X X      1                      1
                                                   ---------------------------------------------
                                    Holder Totals                    10                     10

Holder:   AIR INDIA (AIC)               JFK  1500  X X X X X X X      1                      1
                                                   ---------------------------------------------
                                    Holder Totals                     1                      1

Holder:   AIR JAMAICA (AJM)             JFK  1700  X . . . . . .      1                      1
                                             1800  X . . . . X .      1                      1
                                             1800  . . . X . . .      2                      2
                                                   ---------------------------------------------
                                    Holder Totals                     4                      4

Holder:   ALITALIA (AZA)                JFK  1500  X X X X X X X      1                      1
                                             1600  . . X . . . .      1                      1
                                             1800  X X X X X X X      1                      1
                                             1900  X X X X X X X      1                      1
                                             1900  . . X . . . .      1                      1
                                                   ---------------------------------------------
                                    Holder Totals                     5                      5

Holder:   AMERICA WEST AIRLINES (AWE)   JFK  1500  X X X X X X X      2                      2
                                                   ---------------------------------------------
                                    Holder Totals                     2                      2

Holder:   AMERICAN AIRLINES (AAL)       JFK  1500  X X X X X X X      8                      8
                                             1600  X X X X X X X      2                      2
                                             1700  X X X X X X X      9                      9
                                             1800  X X X X X X X      6                      6
                                             1800  . X . . X . .      1                      1
                                             1900  X X X X X X X      8                      8
                                                   ---------------------------------------------
                                    Holder Totals                    34                     34

Holder:   AMERICAN TRANS AIR (AMT)

                                        JFK  1600  . . . . X . .      1                      1
                                             1700  X X X X X X X      1                      1
                                             1800  X X X X X . X      1                      1
                                             1900  X X X X . X X      1                      1
                                                   ---------------------------------------------
                                    Holder Totals                     4                      4

Holder:   AVIANCA (AVA)                 JFK  1800  X X X X X X X      1                      1
                                                   ---------------------------------------------
                                    Holder Totals                     1                      1

Holder:   BALAIR (BBB)                  JFK  1700  . . . . X . .      1                      1
                                                   ---------------------------------------------
                                    Holder Totals                     1                      1

Holder:   BRITISH AIRWAYS (BAW)         JFK  1600  X X X X X X X      1                      1
                                             1700  X X X X X X X      1                      1
                                             1900  X X X X X X X      1                      1
                                             1900  X . . . . . .      1                      1
                                             1900  . . . . X . .      1                      1
```

			M T W H F S U	Total	A	D	N
		1900	. . . . . X .	1			1
		1900	 X	1			1
	Holder Totals			7			7
Holder: BRITISH CALEDONIAN (BCA)	JFK	1900	X X X X X X X	1			1
	Holder Totals			1			1
Holder: BRITISH WEST INDIES (BWA)	JFK	1700	X . X . X . X	1			1
	Holder Totals			1			1
Holder: CAAC (CCA)	JFK	1800	. X X . . X .	1			1
	Holder Totals			1			1
Holder: COMMAND AIRWAYS (CMD)	JFK	1800	X X X X X X X	1			1
		1900	X X X X X X X	1			1
	Holder Totals			2			2
Holder: CONTINENTAL AIRLINES (COA)	JFK	1500	X X X X X X X	1			1
		1600	X X X X X X X	1			1
		1700	X . . X X X .	1			1
		1800	X X X X X X X	1			1
		1900	X X X X X X X	2			2
	Holder Totals			6			6
Holder: CZECHOSLOVAK (CSA)	JFK	1700	. . . . X . .	1			1
		1900	. . . . X . .	1			1
	Holder Totals			2			2
Holder: DELTA AIRLINES (DAL)	JFK	1500	X X X X X X X	3			3
		1600	X X X X X X X	2			2
		1700	X X X X X X X	2			2
		1800	X X X X X X X	1			1
		1900	X X X X X X X	2			2
	Holder Totals			10			10
Holder: EASTERN AIRLINES (EAL)	JFK	1500	X X X X X X X	3			3
		1600	X X X X X X X	3			3
		1700	X X X X X X X	5			5
		1700	. X X . . . X	1			1
		1800	X X X X X X X	2			2
		1800	X X X X X . .	1			1
		1900	X X X X X X X	3			3
	Holder Totals			18			18
Holder: EL AL ISRAEL AIRLINES (ELY)	JFK	1500	X	1			1
		1600	. X X	1			1
		1600	. . X	1			1
		1600	. . . X . . .	1			1
		1800	. . . X . . .	1			1
		1900	. X	1			1
		1900	. . X	1			1
		1900	 X	1			1
	Holder Totals			8			8
Holder: FAA (TEMPORARY HOLDER) (0001)	JFK	1500	X X X X X X X	3			3
		1500	X X X X X . X	2			2
		1500	X . X . . X .	1			1
		1500	X . . X . . X	1			1
		1500	X . . . X . .	1			1
		1500	. X X X X . .	1			1
		1500	. X . . X . .	1			1
		1500	. X	2			2
		1500	. . . X . . X	1			1
		1600	X X X X X X X	1			1
		1600	X X . X X X .	1			1
		1600	X	3			3

```
                                                M T W H F S U     Total        A        D        N
                                         1600   . X . . . . .         1                          1
                                         1700   X X X X X X X         2                          2
                                         1700   X X X X X X .         1                          1
                                         1700   X X X X X . X         1                          1
                                         1700   X X X X . . .         1                          1
                                         1700   X X . X X . .         1                          1
                                         1700   X X . X . . .         1                          1
                                         1700   X . X X . X .         1                          1
                                         1700   X . X . X X .         1                          1
                                         1700   . X X X X . .         1                          1
                                         1700   . X X X . . .         1                          1
                                         1700   . X . . . . .         1                          1
                                         1700   . . X . . . .         1                          1
                                         1800   X X X . . . .         1                          1
                                         1800   X X . X X . X         1                          1
                                         1800   X X . . X . X         1                          1
                                         1800   X X . . . . X         1                          1
                                         1800   X . X X X . X         1                          1
                                         1800   X . . X X . X         1                          1
                                         1800   . X . . X . .         1                          1
                                         1800   . X . . . . .         1                          1
                                         1800   . . X X . . X         1                          1
                                         1800   . . X . . . X         1                          1
                                         1800   . . . . X . .         2                          2
                                         1800   . . . . . X .         1                          1
                                         1800   . . . . . . X         2                          2
                                         1900   X X X X X X X         6                          6
                                         1900   X X X X X . .         1                          1
                                         1900   X X . X X . X         1                          1
                                         1900   X X . . . . .         1                          1
                                         1900   X . . X . . X         1                          1
                                         1900   X . . X . . .         1                          1
                                         1900   X . . . . . .         1                          1
                                         1900   . X X X . . X         1                          1
                                         1900   . X . . . . .         3                          3
                                         1900   . . . X . . .         1                          1
                                                -------------------------------------------------
                           Holder Totals                             64                         64


Holder:   FINNAIR (FIN)
                                   JFK   1600   . . . X X . .         1                          1
                                         1700   . . X . . X X         1                          1
                                         1900   . . X . X . X         1                          1
                                                -------------------------------------------------
                           Holder Totals                              3                          3


Holder:   FLYING TIGER LINE (FTL)
                                   JFK   1500   . X X . . X .         1                          1
                                         1600   . . . . X X X         1                          1
                                         1700   . . . . . X .         1                          1
                                         1700   . . . . . . X         1                          1
                                         1800   X X X X X X .         1                          1
                                         1800   X X X X . X X         1                          1
                                         1800   . X . . . . .         1                          1
                                         1900   . . . . X . .         1                          1
                                         1900   . . . . . X .         1                          1
                                                -------------------------------------------------
                           Holder Totals                              9                          9


Holder:   GUYANA AIRWAYS (GYA)
                                   JFK   1500   . . X . . . .         1                          1
                                         1500   . . . . . . X         1                          1
                                                -------------------------------------------------
                           Holder Totals                              2                          2


Holder:   IBERIA AIRWAYS (IBE)
                                   JFK   1500   X X X X X X X         1                          1
                                         1600   . X . . . . .         1                          1
                                         1800   Y Y X X X X X         1                          1
                                                -------------------------------------------------
                           Holder Totals                              3                          3


Holder:   JAPAN AIR LINES (JAL)

                                   JFK   1500   . . . . . X .         1                          1
                                         1600   . . . X . X X         1                          1
                                                -------------------------------------------------
                           Holder Totals                              2                          2


Holder:   JAT-YUGOSLAVIA (JAT)
                                   JFK   1600   . X . . . . .         1                          1
                                         1600   . . . X X . .         1                          1
                                         1600   . . . . . X .         1                          1
                                         1700   . . . X . . .         1                          1
                                         1900   . X . X . X .         1                          1
                                                -------------------------------------------------
                           Holder Totals                              5                          5
```

```
                                                        M T W H F S U     Total       A       D       N
Holder:   KEY AIR (KEY)                      JFK   1600 . . . . . . X         1                       1
                                                   1700 . . . . . X .         1                       1
                                                   1700 . . . . . . X         1                       1
                                                        ---------------------------------------------
                                         Holder Totals                        3                       3

Holder:   KLM ROYAL DUTCH (KLM)
                                             JFK   1500 X X X X X X X         1                       1
                                                   1800 X X X X X X X         1                       1
                                                   1900 X X X X X X X         1                       1
                                                        ---------------------------------------------
                                         Holder Totals                        3                       3

Holder:   KUWAIT AIRWAYS (KAC)
                                             JFK   1800 . X . X . X .         1                       1
                                                        ---------------------------------------------
                                         Holder Totals                        1                       1

Holder:   LAN CHILE (LAN)
                                             JFK   1700 X . . . . . .         1                       1
                                                   1700 . X . X . . .         1                       1
                                                   1700 . . . . . . X         1                       1
                                                   1800 X . X . X X X         1                       1
                                                   1900 . . . X . X .         1                       1
                                                        ---------------------------------------------
                                         Holder Totals                        5                       5

Holder:   LOT POLISH AIRLINES (LOT)

                                             JFK   1500 . X . X . X .         1                       1
                                                        ---------------------------------------------
                                         Holder Totals                        1                       1

Holder:   LTU AIRLINES (LTU)
                                             JFK   1500 . . . . X . .         1                       1
                                                   1600 . . X . . . .         1                       1
                                                   1700 . . . . X X X         1                       1
                                                        ---------------------------------------------
                                         Holder Totals                        3                       3

Holder:   LUFTHANSA (DLH)
                                             JFK   1500 X X X X X X X         1                       1
                                                   1500 . . . . . X .         1                       1
                                                   1600 X X X X X X X         1                       1
                                                   1700 X X X X X X X         1                       1
                                                   1800 X X X X X X X         1                       1
                                                   1800 . . . X X X .         1                       1
                                                        ---------------------------------------------
                                         Holder Totals                        6                       6

Holder:   MGM GRAND AIR (MGM)
                                             JFK   1700 X X X X X . X         1                       1
                                                   1900 X X X X X X X         1                       1
                                                        ---------------------------------------------
                                         Holder Totals                        2                       2

Holder:   NIGERIA AIRWAYS (NGA)
                                             JFK   1600 . . X . . X .         1                       1
                                                        ---------------------------------------------
                                         Holder Totals                        1                       1

Holder:   NORTHWEST AIRLINES (NWA)
                                             JFK   1500 X X X X X X X         2                       2
                                                   1500 . X . X X . X         1                       1
                                                   1600 X X X X X X X         4                       4
                                                   1700 X X X X X X X         4                       4
                                                   1800 X X X X X X X         3                       3
                                                   1800 . . X X . X .         1                       1
                                                   1800 . . . . X . .         1                       1
                                                        ---------------------------------------------
                                         Holder Totals                       16                      16

Holder:   OLYMPIC AIRWAYS (OAL)

                                             JFK   1500 X . X . . X X         1                       1
                                                   1800 X . X . . X X         1                       1
                                                        ---------------------------------------------
                                         Holder Totals                        2                       2

Holder:   PAKISTAN INTERNATIONAL AIRLINES (PIA)
                                             JFK   1500 . . . . . X .         1                       1
                                                   1600 . . X . . . .         1                       1
                                                        ---------------------------------------------
                                         Holder Totals                        2                       2
```

```
                                                    M T W H F S U      Total      A      D      N
Holder:   PAN AM EXPRESS (PXX)
                                        JFK   1500  X X X X X X X        1                      1
                                              1600  X X X X X X X        1                      1
                                              1900  X X X X X X X        1                      1
                                              1900  X X X X . X X        1                      1
                                                    ---------------------------------------------
                                   Holder Totals                         4                      4

Holder:   PAN AMERICAN WORLD AIRWAYS (PAA)
                                        JFK   1500  X X X X X X X        9                      9
                                              1500  X X X . X . .        1                      1
                                              1600  X X X X X X X       15                     15
                                              1600  . . . X . . .        1                      1
                                              1600  . . . . . X .        1                      1
                                              1600  . . . . . . X        1                      1
                                              1700  X X X X X X X       15                     15
                                              1700  . X . . X . X        1                      1
                                              1800  X X X X X X X       10                     10
                                              1900  X X X X X X X        5                      5
                                              1900  . . X . X . X        1                      1
                                              1900  . . . . X . .        1                      1
                                              1900  . . . . . X X        1                      1
                                                    ---------------------------------------------
                                   Holder Totals                        62                     62

Holder:   PIEDMONT AVIATION (PAI)
                                        JFK   1500  X X X X X X X        2                      2
                                              1600  X X X X X X X        4                      4
                                              1700  X X X X X X X        4                      4
                                              1800  X X X X X X X        4                      4
                                              1900  X X X X X X X        1                      1
                                                    ---------------------------------------------
                                   Holder Totals                        15                     15

Holder:   ROYAL AIR MAROC (RAM)

                                        JFK   1700  . X . . . X .        1                      1
                                              1900  . X . . . X .        1                      1
                                                    ---------------------------------------------
                                   Holder Totals                         2                      2

Holder:   ROYAL JORDANIAN (RJA)
                                        JFK   1800  . X . . . . .        1                      1
                                              1800  . . X . X . .        1                      1
                                              1800  . . . . . X X        1                      1
                                                    ---------------------------------------------
                                   Holder Totals                         3                      3

Holder:   SABENA AIRLINES (SAB)
                                        JFK   1500  X X X X X X X        1                      1
                                              1800  X X X X X X X        1                      1
                                                    ---------------------------------------------
                                   Holder Totals                         2                      2

Holder:   SCANDINAVIAN AIRLINES (SAS)
                                        JFK   1500  X . X X X X X        1                      1
                                              1700  X . X X X X X        1                      1
                                              1800  X X X X X X X        1                      1
                                              1900  . . . . X X .        1                      1
                                                    ---------------------------------------------
                                   Holder Totals                         4                      4

Holder:   SPANTAX AIRLINES (BXS)
                                        JFK   1600  . X . . . . .        1                      1
                                                    ---------------------------------------------
                                   Holder Totals                         1                      1

Holder:   SWISSAIR (SWR)
                                        JFK   1500  X X X X X X X        1                      1
                                              1700  X X . X X X X        1                      1
                                              1900  X X X X X X X        1                      1
                                                    ---------------------------------------------
                                   Holder Totals                         3                      3

Holder:   TAP-AIR PORTUGAL (TAP)
                                        JFK   1500  X . X X . X X        1                      1
                                              1800  X . X X . X X        1                      1
                                                    ---------------------------------------------
                                   Holder Totals                         2                      2

Holder:   TAROM-ROMANIAN AIR TRANSPORT (ROT)

                                        JFK   1800  X . . . . . .        1                      1
                                                    ---------------------------------------------
                                   Holder Totals                         1                      1
```

```
Holder:   TOWER AIR (TOW)                          M T W H F S U    Total     A     D     N
                                        JFK  1600  X . . X X . X        1                 1
                                             1800  X . . . . . .        1                 1
                                             1800  . . . . . X X        1                 1
                                                   ---------------------------------------
                                   Holder Totals                        3                 3

Holder:   TRANS WORLD AIRLINES (TWA)
                                        JFK  1500  X X X X X X X       15                15
                                             1600  X X X X X X X       29                29
                                             1700  X X X X X X X       15                15
                                             1800  X X X X X X X       21                21
                                             1900  X X X X X X X       13                13
                                                   ---------------------------------------
                                   Holder Totals                       93                93

Holder:   UNITED AIRLINES (UAL)
                                        JFK  1600  X X X X X X X        3                 3
                                             1700  X X X X X X X        3                 3
                                             1700  . . . . . X .        1                 1
                                             1800  X X X X X X X        2                 2
                                             1900  X X X X X X X        1                 1
                                                   ---------------------------------------
                                   Holder Totals                       10                10

Holder:   UNITED PARCEL SERVICE (UPS)
                                        JFK  1900  X X X X X . .        1                 1
                                                   ---------------------------------------
                                   Holder Totals                        1                 1

Holder:   USAIR (USA)
                                        JFK  1500  X X X X X X X        1                 1
                                             1600  X X X X X X X        1                 1
                                             1700  X X X X X X X        3                 3
                                             1800  X X X X X X X        1                 1
                                             1900  X X X X X X X        1                 1
                                                   ---------------------------------------
                                   Holder Totals                        7                 7


Holder:   VARIG, S.A. (VRG)


                                        JFK  1700  . . . . . . X        1                 1
                                                   ---------------------------------------
                                   Holder Totals                        1                 1



                                      Slot Management System
                                        Listing by Holder

JFK Season = Both     Slot Type = Commuter      Slots held less than 5 days are Included   Status Date = 03/14/86
     Holder:   BAR HARBOR AIRLINES (AJC)

                                                   M T W H F S U    Total     A     D     N
                                        JFK  1600  X X X X X X X        1                 1
                                             .700  X X X X X X X        1                 1
                                                   ---------------------------------------
                                   Holder Totals                        2                 2

Holder:   COMMAND AIRWAYS (CMD)
                                        JFK  1500  X X X X X X X        2                 2
                                             1600  X X X X X X X        5                 5
                                             1700  X X X X X X X        5                 5
                                             1800  X X X X X X X        2                 2
                                             1900  X X X X X X X        4                 4
                                                   ---------------------------------------
                                   Holder Totals                       18                18

Holder:   PAN AM EXPRESS (PXX)
                                        JFK  1500  X X X X X X X       10                10
                                             1600  X X X X X X X        6                 6
                                             1700  X X X X X X X        3                 3
                                             1800  X X X X X X X        6                 6
                                             1900  X X X X X X X        7                 7
                                                   ---------------------------------------
                                   Holder Totals                       32                32

Holder:   PENNSYLVANIA COMMUTER AIRLINES (PCA)
                                        JFK  1500  X X X X X X X        3                 3
                                             1600  X X X X X X X        1                 1
                                             1700  X X X X X X X        2                 2
                                             1800  X X X X X X X        2                 2
                                             1900  X X X X X X X        2                 2
                                                   ---------------------------------------
                                   Holder Totals                       10                10
```

```
                                               M T W H F S U   Total     A     D     N
Holder:  POCONO AIR LINES (POC)      JFK  1500  X X X X X X X      2                    2
                                          1600  X X X X X X X      1                    1
                                          1700  X X X X X X X      2                    2
                                          1800  X X X X X X X      2                    2
                                          1900  X X X X X X X      1                    1
                                                ----------------------------------------
                               Holder Totals                       8                    8


                          Slot Management System
                            Listing by Holder

JFK Season = Both   Slot Type = Air Carrier   Slots held less than 5 days are Included   Status Date = 03/14/88
   Holder:  AIR CANADA (ACA)

                                               M T W H F S U   Total     A     D     N
                                     ORD  0815  X X X X X X .      1                    1
                                          0815  . . . . . . X      1                    1
                                          0945  X X X X X X X      1                    1
                                          1045  X X X X X X X      1                    1
                                          1115  . . . . . . X      1                    1
                                          1245  . . . . . . X      1                    1
                                          1345  . . X . . X .      1                    1
                                          1445  X X X X X X X      1                    1
                                          1545  X . . X . . .      1                    1
                                          1545  . X X . . X X      1                    1
                                          1545  . . X . . . .      1                    1
                                          1545  . . . . X . .      1                    1
                                          1545  . . . . . X .      1                    1
                                          1745  X X X X X X X      1                    1
                                          1845  X X X X X X X      1                    1
                                          1945  X X X X X X X      1                    1
                                                ----------------------------------------
                               Holder Totals                      16                   16

   Holder:  AIR FRANCE (AFR)
                                     ORD  1645  . X . . . . .      1                    1
                                          1645  . . X . . . .      1                    1
                                          1645  . . . X . . .      1                    1
                                          1645  . . . . X . X      1                    1
                                          1915  . X . . X . X      1                    1
                                          1915  . . . X . . .      1                    1
                                          1945  . . . . . X .      1                    1
                                          2015  . . . . . . X      1                    1
                                                ----------------------------------------
                               Holder Totals                       8                    8

   Holder:  AIR WISCONSIN (AWI)
                                     ORD  0645  X X X X X X X      1                    1
                                          0645  X X X X X X .      2                    2
                                          0645  . . . . . . X      1                    1
                                          0715  X X X X X X .      2                    2
                                          0715  . . . . . X .      1                    1
                                          0715  . . . . . . X      1                    1
                                          0745  X X X X X . .      1                    1
                                          0815  X X X X X X X      1                    1
                                          0845  X X X X X X X      4                    4
                                          0915  X X X X X . X      1                    1
                                          0945  X X X X X X X      1                    1
                                          1015  X X X X X X X      3                    3
                                          1015  X X X X X . X      1                    1
                                          1045  X X X X X X X      1                    1
                                          1115  X X X X X X X      3                    3
                                          1115  X X X X X X .      1                    1
                                          1145  X X X X X X X      2                    2
                                          1245  X X X X X X X      1                    1
                                          1245  X X X X X X .      1                    1
                                          1245  . . . . . . X      1                    1
                                          1315  X X X X X X X      1                    1
                                          1345  X X X X X . .      1                    1
                                          1345  . . . . . . X      1                    1
                                          1415  X X X X X X X      1                    1
                                          1415  X X X X X . X      1                    1
                                          1445  X X X X X X X      1                    1
                                          1515  X X X X X X X      3                    3
                                          1545  X X X X X X X      1                    1
                                          1545  X X X X X . X      1                    1
                                          1615  X X X X X X X      1                    1
                                          1645  X X X X X X X      1                    1
                                          1645  X X X X X . X      2                    2
                                          1715  X X X X X X X      1                    1
                                          1715  X X X X X . .      1                    1
                                          1715  . . . . . X .      1                    1
                                          1745  X X X X X X X      3                    3
                                          1845  X X X X X X X      1                    1
                                          1915  X X X X X X X      1                    1
                                          1915  X X X X X . X      1                    1
                                          1915  . . . . . X X      1                    1
                                          1945  X X X X X X X      1                    1
                                          2015  . . . . . X .      1                    1
                                          2045  X X X X X . X      1                    1
                                                ----------------------------------------
                               Holder Totals                      58                   58
```

Holder		Time	M	T	W	H	F	S	U	Total	A	D	N
Holder: ALITALIA (AZA)	ORD	1415	X	.	.	.	X	.	.	1			1
		1415	.	.	X	.	.	.	.	1			1
		1545	X	.	X	.	.	.	.	1			1
		1545	.	.	.	.	X	.	.	1			1
		2015	.	.	X	.	.	.	.	1			1
	Holder Totals									5			5
Holder: AMERICA WEST AIRLINES (AWE)	ORD	0715	X	X	X	X	X	X	X	1			1
		1215	X	X	X	X	X	X	X	1			1
		1245	X	X	X	X	X	X	X	1			1
		1415	X	X	X	X	X	X	X	1			1
		1445	X	X	X	X	X	X	X	2			2
		1545	X	X	X	X	X	X	X	1			1
	Holder Totals									7			7
Holder: AMERICAN AIRLINES (AAL)	ORD	0645	X	X	X	X	X	X	X	21			21
		0715	X	X	X	X	X	X	X	6			6
		0715	.	.	.	X	.	.	.	1			1
		0745	X	X	X	X	X	X	X	15			15
		0745	X	X	X	X	X	X	.	1			1
		0815	X	X	X	X	X	X	X	12			12
		0815	X	X	X	X	X	.	X	1			1
		0815	.	.	.	.	.	X	.	1			1
		0845	X	X	X	X	X	X	X	23			23
		0915	X	X	X	X	X	X	X	23			23
		0945	X	X	X	X	X	X	X	14			14
		0945	X	X	X	X	X	X	.	1			1
		1015	X	X	X	X	X	X	X	19			19
		1045	X	X	X	X	X	X	X	11			11
		1115	X	X	X	X	X	X	X	26			26
		1145	X	X	X	X	X	X	X	7			7
		1215	X	X	X	X	X	X	X	23			23
		1245	X	X	X	X	X	X	X	6			6
		1315	X	X	X	X	X	X	X	30			30
		1345	X	X	X	X	X	X	X	16			16
		1345	X	X	X	.	X	X	X	1			1
		1415	X	X	X	X	X	X	X	12			12
		1445	X	X	X	X	X	X	X	31			31
		1515	X	X	X	X	X	X	X	17			17
		1545	X	X	X	X	X	X	X	17			17
		1545	X	X	.	X	X	X	X	1			1
		1615	X	X	X	X	X	X	X	14			14
		1615	X	X	.	X	X	X	X	1			1
		1615	X	X	.	X	X	X	.	1			1
		1615	X	.	X	X	X	X	.	1			1
		1615	X	.	X	X	.	.	.	1			1
		1615	.	X	.	.	.	.	.	1			1
		1615	.	.	X	.	.	X	X	1			1
		1615	.	.	.	.	.	.	X	1			1
		1645	X	X	X	X	X	X	X	7			7
		1645	.	X	.	.	X	.	.	1			1
		1645	.	X	.	.	.	.	.	1			1
		1645	.	.	X	.	.	.	.	1			1
		1645	.	.	.	.	.	X	.	1			1
		1715	X	X	X	X	X	X	X	25			25
		1715	X	.	X	X	.	X	X	1			1
		1715	.	X	.	.	X	.	.	1			1
		1745	X	X	X	X	X	X	X	13			13
		1745	X	.	.	X	.	X	.	1			1
		1745	.	X	.	.	X	.	X	1			1
		1745	.	.	X	.	.	.	.	1			1
		1815	X	X	X	X	X	X	X	20			20
		1815	X	X	X	.	X	.	X	1			1
		1815	.	.	X	.	.	.	.	1			1
		1815	.	.	.	X	.	.	.	1			1
		1815	.	.	.	.	.	X	.	1			1
		1845	X	X	X	X	X	X	X	9			9
		1845	X	X	.	X	X	.	.	1			1
		1845	.	.	.	X	X	.	.	1			1
		1915	X	X	X	X	X	X	X	23			23
		1915	X	X	X	X	.	X	X	1			1
		1915	.	.	X	.	.	.	.	1			1
		1945	X	X	X	X	X	X	X	17			17
		1945	X	X	X	X	X	X	.	1			1
		1945	X	X	X	X	X	.	X	1			1
		2015	X	X	X	X	X	X	X	19			19
		2015	.	X	X	.	X	.	X	1			1
		2045	X	X	X	X	X	X	X	17			17
		2045	X	.	.	X	.	X	X	1			1
	Holder Totals									528			528
Holder: AMERICAN TRANS AIR (AMT)	ORD	0645	X	X	X	X	X	X	X	1			1
		0745	X	X	X	X	X	X	X	1			1
		0845	X	X	X	X	X	X	X	1			1
		1415	X	X	X	X	X	X	X	1			1
		1515	X	X	X	X	X	X	X	1			1
		1715	X	.	X	X	X	X	X	1			1

```
                                                   M T W H              Total        A       D       N
                                           1915    X X X X . X X            1                        1
                                           1915    . . . . X . .            1                        1
                                                   ---------------------------------------------------
                                   Holder Totals                            8                        8


Holder:   BRANIFF AIRWAYS (BNF)
                                     ORD   0745    X X X X X X X            1                        1
                                           0815    X X X X X X X            1                        1.
                                           1415    X X X X X X X            1                        1
                                           1515    X X X X X X X            2                        2
                                           1615    X X X X X X X            1                        1
                                           1645    X X X X X X X            1                        1
                                           1845    X X X X X X X            1                        1
                                                   ---------------------------------------------------
                                   Holder Totals                            8                        8


Holder:   BRITISH AIRWAYS (BAW)
                                     ORD   1615    X X X X X X X            1                        1
                                           2015    X X X X X X X            1                        1
                                                   ---------------------------------------------------
                                   Holder Totals                            2                        2


Holder:   BROCKWAY AIRLINES (CVA)
                                     ORD   1245    X X X X X X X            1                        1
                                                   ---------------------------------------------------
                                   Holder Totals                            1                        1


Holder:   CONTINENTAL AIRLINES (COA)
                                     ORD   0645    X X X X X X X            1                        1
                                           0715    X X X X X X X            2                        2
                                           0815    X X X X X X X            1                        1
                                           0845    X X X X X X X            2                        2
                                           0915    X X X X X X X            1                        1
                                           0945    X X X X X X X            2                        2
                                           1015    X X X X X X X            2                        2
                                           1045    X X X X X X X            1                        1
                                           1115    X X X X X X X            2                        2
                                           1145    X X X X X X X            1                        1
                                           1215    X X X X X X X            3                        3
                                           1245    X X X X X X X            1                        1
                                           1315    X X X X X X X            2                        2
                                           1345    X X X X X X X            2                        2
                                           1415    X X X X X X X            1                        1
                                           1445    X X X X X X X            2                        2
                                           1515    X X X X X X X            2                        2
                                           1545    X X X X X X X            1                        1
                                           1615    X X X X X X X            2                        2
                                           1645    X X X X X X X            1                        1
                                           1715    X X X X X X X            1                        1
                                           1745    X X X X X X X            2                        2
                                           1815    X X X X X X X            2                        2
                                           1915    X X X X X X X            1                        1
                                           1945    X X X X X X X            3                        3
                                           2015    X X X X X X X            2                        2
                                           2045    X X X X X X X            2                        2
                                                   ---------------------------------------------------
                                   Holder Totals                           45                       45


Holder:   CROWN AIRWAYS, INC. (CRO)

                                     ORD   1445    X X X X X X X            1                        1
                                           1645    X X X X X X X            1                        1
                                                   ---------------------------------------------------
                                   Holder Totals                            2                        2


Holder:   Cayman Airways (CAX)
                                     ORD   0915    . . . . . X .            1                        1
                                           1015    . . . . . X .            1                        1
                                                   ---------------------------------------------------
                                   Holder Totals                            2                        2


Holder:   DELTA AIRLINES (DAL)
                                     ORD   0645    X X X X X X X            3                        3
                                           0715    X X X X X X X            2                        2
                                           0745    X X X X X X X            1                        1
                                           0815    X X X X X X X            3                        3
                                           0815    . . . . . . X            1                        1
                                           0845    X X X X X X X            1                        1
                                           0915    X X X X X X X            2                        2
                                           0945    X X X X X X X            3                        3
                                           1015    X X X X X X X            3                        3
                                           1045    X X X X X X X            2                        2
                                           1115    X X X X X X X            1                        1
                                           1145    X X X X X X X            3                        3
                                           1245    X X X X X X X            2                        2
                                           1315    X X X X X X X            3                        3
                                           1345    X X X X X X X            4                        4
                                           1345    . . . . . X X            1                        1
                                           1415    X X X X X X X            4                        4
```

		M T W H F S U	Total	A	D	N
	1445	X X X X X X X	3			3
	1545	X X X X X X X	4			4
	1615	X X X X X X X	1			1
	1645	X X X X X X X	4			4
	1715	X X X X X X X	2			2
	1715	. . . . . X .	1			1
	1745	X X X X X X X	2			2
	1815	X X X X X X X	4			4
	1915	X X X X X X X	2			2
	1945	X X X X X X X	2			2
	2015	X X X X X X X	3			3
	2045	X X X X X X X	2			2
Holder Totals			69			69

Holder: EASTERN AIRLINES (EAL)

			Total	A	D	N
ORD	0645	X X X X X X X	1			1
	0715	X X X X X X X	1			1
	0745	X X X X X X X	2			2
	0815	. . . . . X .	1			1
	0845	X X X X X X X	1			1
	0915	X X X X X X X	1			1
	0945	X X X X X X X	2			2
	0945	. . . . . X .	1			1
	1015	X X X X X X X	1			1
	1045	X X X X X X X	1			1
	1115	X X X X X X X	1			1
	1215	X X X X X X X	1			1
	1245	X X X X X X X	2			2
	1345	X X X X X X X	1			1
	1415	X X X X X X X	1			1
	1445	X X X X X X X	2			2
	1545	X X X X X X X	1			1
	1615	X X X X X X X	1			1
	1645	X X X X X X X	1			1
	1715	X X X X X X X	1			1
	1745	X X X X X X X	1			1
	1815	X X X X X X X	1			1
	1915	X X X X X X X	2			2
	1945	. . . . . X .	1			1
	2015	X X X X X X X	1			1
	2045	X X X X X X X	1			1
	2045	. . . . . X .	1			1
Holder Totals			32			32

Holder: ECUATORIANA AIRLINES (EEA)

			Total	A	D	N
ORD	1015	. . X . . X .	1			1
	1915	. X	1			1
	1915	. . . . X . .	1			1
	1945	. . . . X . .	1			1
	2015	. X	1			1
Holder Totals			5			5

Holder: EL AL ISRAEL AIRLINES (ELY)

			Total	A	D	N
ORD	1845	X X	1			1
Holder Totals			1			1

Holder: FAA (TEMPORARY HOLDER) (0001)

			Total	A	D	N
ORD	0645	X X X X X X X	1			1
	0645	X X X X . . .	1			1
	0645	 X	1			1
	0715	X X X X X X X	1			1
	0715	X X X X X X .	1			1
	0715	X X X . X . X	1			1
	0715	X X . X X X .	1			1
	0715	 X	2			2
	0745	X X X X X . X	1			1
	0745	 X	1			1
	0815	X X X X X X .	1			1
	0815	X X X X X . .	1			1
	0815	. X	1			1
	0845	X X X X X . X	1			1
	0915	X X X X X X X	3			3
	0945	X X X X X X X	1			1
	0945	X X X X X . X	1			1
	1015	X X X X X X X	1			1
	1015	X X . X . . X	1			1
	1045	X X X X X X X	2			2
	1045	. X . X . . X	1			1
	1115	X X X X X X X	4			4
	1115	. X X X . . X	1			1
	1145	X X X X X X X	3			3
	1215	X X X X X X X	2			2
	1215	X X . . X . .	1			1
	1245	X X X X X X X	2			2
	1245	X . . X X X .	1			1

		M	T	W	H	F	S	U	Total	A	D	N
	1315	X	X	X	X	X	X	X	2			2
	1315	X	X	X	.	X	X	X	1			1
	1345	X	X	X	X	X	X	X	2			2
	1345	X	X	.	X	.	X	X	1			1
	1345	X	.	.	X	X	.	.	1			1
	1345	.	.	.	.	.	X	.	1			1
	1415	X	X	X	X	X	X	X	3			3
	1415	X	.	.	X	X	.	.	1			1
	1415	.	X	X	X	.	X	.	1			1
	1415	.	X	X	.	.	.	.	1			1
	1445	X	X	X	X	X	X	X	1			1
	1445	X	X	X	.	.	X	.	1			1
	1515	X	X	X	X	X	X	X	5			5
	1515	.	X	X	X	X	.	.	1			1
	1515	.	X	.	X	X	X	X	1			1
	1515	.	.	.	X	.	.	.	1			1
	1545	X	X	X	X	X	X	X	4			4
	1545	X	X	X	.	.	X	.	1			1
	1545	.	X	.	X	.	.	X	1			1
	1545	.	.	X	.	X	X	X	1			1
	1545	.	.	.	.	.	X	.	1			1
	1615	X	X	X	X	X	X	X	5			5
	1615	X	X	.	X	X	.	.	1			1
	1615	.	X	.	.	X	.	.	1			1
	1615	.	X	.	.	.	.	X	1			1
	1615	.	.	X	.	.	.	.	1			1
	1645	X	X	X	X	X	X	X	2			2
	1645	X	X	X	X	.	X	.	1			1
	1645	X	X	X	.	X	X	.	1			1
	1645	X	X	.	.	.	.	.	1			1
	1645	X	.	.	.	.	.	.	1			1
	1645	.	X	.	X	.	X	X	1			1
	1715	X	X	X	X	X	X	X	4			4
	1745	X	X	X	X	X	X	X	3			3
	1745	X	.	X	X	.	X	.	1			1
	1745	.	X	.	.	X	.	X	1			1
	1815	X	X	X	X	X	X	X	5			5
	1815	X	X	X	X	X	.	.	1			1
	1845	X	X	X	X	X	X	X	6			6
	1845	.	X	.	.	.	.	.	1			1
	1845	.	.	.	.	.	X	.	1			1
	1915	X	X	X	X	X	X	X	2			2
	1915	X	.	.	.	.	.	.	2			2
	1915	.	.	.	.	.	X	.	1			1
	1945	X	X	X	X	X	X	X	1			1
	1945	X	.	X	X	.	.	X	1			1
	1945	.	.	.	.	.	.	X	1			1
	2015	X	X	X	X	X	X	X	3			3
	2015	X	.	.	X	.	.	.	1			1
	2015	X	.	.	.	X	.	.	1			1
	2015	.	X	X	X	.	X	.	1			1
	2045	X	X	X	X	X	.	X	1			1
	2045	X	X	X	.	X	.	X	1			1
	2045	.	X	.	.	.	.	.	1			1
	2045	.	.	X	.	X	.	X	1			1
Holder Totals									128			128

Holder: FEDERAL EXPRESS (FDX)

		M	T	W	H	F	S	U	Total	A	D	N
ORD	0815	.	.	.	.	.	.	X	1			1
	0945	.	.	.	.	.	.	X	1			1
Holder Totals									2			2

Holder: FLYING TIGER LINE (FTL)

		M	T	W	H	F	S	U	Total	A	D	N
ORD	0645	X	X	X	X	X	X	X	1			1
	0745	X	X	X	X	X	X	X	1			1
	0915	X	X	X	X	X	X	X	1			1
	1245	.	.	X	.	.	.	.	1			1
	1415	.	X	.	.	.	X	.	1			1
	1545	.	X	.	.	.	.	.	1			1
	1645	.	.	.	.	.	X	.	1			1
	2015	X	X	X	X	X	X	X	1			1
	2045	X	X	X	X	X	X	X	1			1
Holder Totals									9			9

Holder: GULF AIR, INC. (GAT)

		M	T	W	H	F	S	U	Total	A	D	N
ORD	0715	.	.	X	.	.	.	X	1			1
	1115	X	.	.	.	X	X	.	1			1
	1215	.	.	.	X	.	.	.	1			1
	1245	.	X	.	.	.	.	.	1			1
	1615	.	.	.	.	.	.	X	1			1
	1915	.	.	X	.	.	.	.	1			1
	2045	X	X	.	X	.	X	.	1			1
Holder Totals									7			7

Holder: IBERIA AIRWAYS (IBE)

		M	T	W	H	F	S	U	Total	A	D	N
ORD	1445	.	.	.	X	X	.	X	1			1
	1445	.	.	.	.	.	X	.	1			1
	1645	.	.	.	X	X	X	X	1			1
Holder Totals									3			3

```
                                                   M T W H F S U    Total       A       D       N
Holder:  ICELANDAIR (ICE)               ORD  1715  . . X . . . X        1                       1
                                             1715  . . . . . . X        1                       1
                                             1845  . . X . . . .        1                       1
                                             1845  . . . . . . X        1                       1
                                                   ----------------------------------------------
                                    Holder Totals                       4                       4

Holder:  JAPAN AIR LINES (JAL)
                                        ORD  0815  X . X . X X .        1                       1
                                             1045  X . X . X X .        1                       1
                                                   ----------------------------------------------
                                    Holder Totals                       2                       2

Holder:  JAT-YUGOSLAVIA (JAT)

                                        ORD  1315  . . . X . . .        1                       1
                                             1515  X . . . . . .        1                       1
                                             1515  . . . X . . .        1                       1
                                             1715  X . . . . . .        1                       1
                                                   ----------------------------------------------
                                    Holder Totals                       4                       4

Holder:  KEY AIR (KEY)
                                        ORD  0645  . . . . X X .        1                       1
                                             2045  . . . . X . .        1                       1
                                             2045  . . . . . X .        1                       1
                                                   ----------------------------------------------
                                    Holder Totals                       3                       3

Holder:  KLM ROYAL DUTCH (KLM)
                                        ORD  1445  X X X X X X X        1                       1
                                             1615  X X X X X X X        1                       1
                                             1915  . . . . . X .        1                       1
                                             2045  . . . . . X .        1                       1
                                                   ----------------------------------------------
                                    Holder Totals                       4                       4

Holder:  KOREAN AIR (KAL)
                                        ORD  1015  . . . . X . .        1                       1
                                             1915  . . . X . . .        1                       1
                                                   ----------------------------------------------
                                    Holder Totals                       2                       2

Holder:  LOT POLISH AIRLINES (LOT)
                                        ORD  1815  . . . . . X .        1                       1
                                                   ----------------------------------------------
                                    Holder Totals                       1                       1

Holder:  LUFTHANSA (DLH)
                                        ORD  0645  . . . . . . X        1                       1
                                             0815  . . . . . . X        1                       1
                                             1215  . . X . . X X        1                       1
                                             1345  . X . . . . .        1                       1
                                             1345  . . X . . . .        1                       1
                                             1345  . . . . . X .        1                       1
                                             1415  X . . X X X X        1                       1
                                             1515  X X X X X X X        1                       1
                                             1515  . X . . . . .        1                       1
                                             1545  X . . X X . .        1                       1
                                             1545  . . . . . X .        1                       1
                                             1715  X X X X X X X        1                       1
                                             1915  . . . . X . .        1                       1
                                             2045  . . . X . . .        1                       1
                                                   ----------------------------------------------
                                    Holder Totals                      14                      14

Holder:  METRO EXPRESS II, INC. (MEX)
                                        ORD  1545  X X X X X X X        1                       1
                                                   ----------------------------------------------
                                    Holder Totals                       1                       1

Holder:  MEXICANA DE AVIACION (MXA)
                                        ORD  0715  X X X X X X X        1                       1
                                             0745  . . . . . X .        1                       1
                                             0745  . . . . . . X        1                       1
                                             0945  X X X X X X X        2                       2
                                             1015  X X X X X X X        1                       1
                                             1515  . . . . . X X        1                       1
                                             1615  . . . . . X X        1                       1
                                             1645  X X X X X X X        2                       2
                                                   ----------------------------------------------
                                    Holder Totals                      10                      10
```

```
                                                  M T W H F S U    Total      A      D      N
Holder:   NORTHWEST AIRLINES (NWA)
                                    ORD   0645    X X X X X X X        1                    1
                                          0715    X X X X X X X        3                    3
                                          0745    X X X X X X X        4                    4
                                          0815    . . . . . X .        1                    1
                                          0845    X X X X X X X        2                    2
                                          0915    X X X X X X X        2                    2
                                          0945    X X X X X X X        3                    3
                                          1015    X X X X X X X        1                    1
                                          1045    X X X X X X X        3                    3
                                          1115    X X X X X X X        1                    1
                                          1145    X X X X X X X        3                    3
                                          1215    X X X X X X X        2                    2
                                          1245    X X X X X X X        4                    4
                                          1315    X X X X X X X        1                    1
                                          1345    X X X X X X X        3                    3
                                          1415    X X X X X X X        4                    4
                                          1445    X X X X X X X        2                    2
                                          1515    X X X X X X X        3                    3
                                          1515    X . . . . . .        1                    1
                                          1615    X X X X X X X        2                    2
                                          1645    X X X X X X X        3                    3
                                          1715    X X X X X X X        4                    4
                                          1745    X X X X X X X        4                    4
                                          1815    X X X X X X X        2                    2
                                          1845    X X X X X X X        3                    3
                                          1915    X X X X X X X        3                    3
                                          1945    X X X X X X X        3                    3
                                          2015    X X X X X X X        3                    3
                                          2045    X X X X X X X        1                    1
                                                  -------------------------------------------
                               Holder Totals                          72                   72


Holder:   PAN AMERICAN WORLD AIRWAYS (PAA)
                                    ORD   1045    X X X X X X X        1                    1
                                          1245    X X X X X X X        1                    1
                                          1745    X X X X X X X        1                    1
                                          1815    X X X X X X X        1                    1
                                                  -------------------------------------------
                               Holder Totals                           4                    4


Holder:   PHILIPPINE AIRLINES (PAL)
                                    ORD   1745    . . X . . . .        1                    1
                                          1815    . . . X . X .        1                    1
                                          1815    . . . . . . X        1                    1
                                          2015    . . . X . X .        1                    1
                                          2015    . . . . . . X        1                    1
                                          2045    . . X . . . .        1                    1
                                                  -------------------------------------------
                               Holder Totals                           6                    6


Holder:   PIEDMONT AVIATION (PAI)
                                    ORD   0715    X X X X X X X        3                    3
                                          0745    X X X X X X X        1                    1
                                          0815    X X X X X X X        2                    2
                                          0845    X X X X X X X        1                    1
                                          0915    X X X X X X X        2                    2
                                          0945    X X X X X X X        2                    2
                                          1045    X X X X X X X        2                    2
                                          1115    X X X X X X X        1                    1
                                          1145    X X X X X X X        2                    2
                                          1245    X X X X X X X        1                    1
                                          1315    X X X X X X X        1                    1
                                          1345    X X X X X X X        3                    3
                                          1445    X X X X X X X        1                    1
                                          1515    X X X X X X X        1                    1
                                          1545    X X X X X X X        1                    1
                                          1615    X X X X X X X        2                    2
                                          1645    X X X X X X X        2                    2
                                          1715    X X X X X X X        2                    2
                                          1745    X X X X X X X        1                    1
                                          1815    X X X X X X X        2                    2
                                          1845    X X X X X X X        1                    1
                                          1915    X X X X X X X        1                    1
                                          1945    X X X X X X X        2                    2
                                                  -------------------------------------------
                               Holder Totals                          37                   37


Holder:   RICH INTERNATIONAL AIRWAYS (RIA)
                                    ORD   1415    . . . . . . X        1                    1
                                          1615    . . . . . . X        1                    1
                                                  -------------------------------------------
                               Holder Totals                           2                    2


Holder:   ROYAL JORDANIAN (RJA)
                                    ORD   1945    . X . . . X .        1                    1
                                          2015    X . . . X . .        1                    1
                                                  -------------------------------------------
                               Holder Totals                           2                    2
```

```
Holder:   SABENA AIRLINES (SAB)                 M T W H F S U    Total      A      D       N
                                        ORD 1515  X . X . X . X        1                      1
                                            1645  X . X . X . .        1                      1
                                            1645  . . . . . . X        1                      1
                                                  -----------------------------------------------
                                  Holder Totals                        3                      3

Holder:   SCANDINAVIAN AIRLINES (SAS)
                                        ORD 1345  . . . X . . .        1                      1
                                            1345  . . . . X . .        1                      1
                                            1345  . . . . . X X        1                      1
                                            1645  . . . X X X X        1                      1
                                                  -----------------------------------------------
                                  Holder Totals                        4                      4

Holder:   SUN COUNTRY AIRLINES, INC. (SCX)
                                        ORD 0845  . . . . . X .        1                      1
                                            1515  . . X . . . .        1                      1
                                            1945  . . . . . X .        1                      1
                                                  -----------------------------------------------
                                  Holder Totals                        3                      3

Holder:   SWISSAIR (SWR)
                                        ORD 1615  X X X X X X X        1                      1
                                            1745  X X X X X X X        1                      1
                                                  -----------------------------------------------
                                  Holder Totals                        2                      2

Holder:   TRANS WORLD AIRLINES (TWA)
                                        ORD 0645  X X X X X X X        1                      1
                                            0715  X X X X X X X        1                      1
                                            0745  X X X X X X X        3                      3
                                            0815  X X X X X X X        2                      2
                                            0845  X X X X X X X        2                      2
                                            0945  X X X X X X X        2                      2
                                            1045  X X X X X X X        2                      2
                                            1145  X X X X X X X        3                      3
                                            1245  X X X X X X X        2                      2
                                            1315  X X X X X X X        1                      1
                                            1345  X X X X X X X        2                      2
                                            1345  X X X X X . .        1                      1
                                            1445  X X X X X X X        2                      2
                                            1445  X X X X X . X        1                      1
                                            1545  X X X X X X X        1                      1
                                            1545  X X X X X . X        1                      1
                                            1615  X X X X X X X        1                      1
                                            1645  X X X X X X X        1                      1
                                            1715  X X X X X X X        1                      1
                                            1745  X X X X X X X        2                      2
                                            1815  X X X X X X X        2                      2
                                            1845  X X X X X X X        3                      3
                                            1915  X X X X X X X        2                      2
                                            1945  X X X X X X X        1                      1
                                            1945  X X X X X . X        1                      1
                                            2015  X X X X X X X        1                      1
                                                  -----------------------------------------------
                                  Holder Totals                       42                     42

Holder:   UNITED AIRLINES (UAL)
                                        ORD 0645  X X X X X X X       16                     16
                                            0715  X X X X X X X       28                     28
                                            0745  X X X X X X X       21                     21
                                            0745  . . . . . X .        1                      1
                                            0815  X X X X X X X       27                     27
                                            0815  X X X X X . .        1                      1
                                            0815  . . . X . . .        1                      1
                                            0815  . . . . . . X        1                      1
                                            0845  X X X X X X X       22                     22
                                            0915  X X X X X X X       27                     27
                                            0945  X X X X X X X       25                     25
                                            1015  X X X X X X X       28                     28
                                            1045  X X X X X X X       33                     33
                                            1115  X X X X X X X       22                     22
                                            1145  X X X X X X X       32                     32
                                            1215  X X X X X X X       20                     20
                                            1245  X X X X X X X       37                     37
                                            1315  X X X X X X X       19                     19
                                            1345  X X X X X X X       22                     22
                                            1345  X X X X X . X        2                      2
                                            1415  X X X X X X X       27                     27
                                            1415  . . . . . X .        1                      1
                                            1415  . . . . . . X        1                      1
                                            1445  X X X X X X X       11                     11
                                            1515  X X X X X X X       26                     26
                                            1515  X X X . X X X        1                      1
                                            1515  . . . . . X .        1                      1
                                            1545  X X X X X X X       25                     25
                                            1545  . . . X . . X        1                      1
                                            1615  X X X X X X X       17                     17
                                            1615  X X X X X X .        2                      2
                                            1615  X . X X X X X        1                      1
                                            1615  . . X . . . .        1                      1
                                            1645  X X X X X X X       32                     32
                                            1645  X . X X X X X        1                      1
```

```
                              M T W H F S U     Total        A       D        N
                       1645   X . X X . X X         1                         1
                       1715   X X X X X X X        16                        16
                       1715   . X . . X . .         1                         1
                       1715   . X . . . . .         1                         1
                       1715   . . . X . . .         1                         1
                       1745   X X X X X X X        26                        26
                       1745   X X . X X X X         1                         1
                       1815   X X X X X X X        22                        22
                       1815   X X X X X . X         1                         1
                       1815   X X X . X X X         1                         1
                       1815   X X . X X X X         1                         1
                       1845   X X X X X X X        38                        38
                       1845   . . X . . . .         1                         1
                       1845   . . . . . X .         1                         1
                       1915   X X X X X X X        20                        20
                       1945   X X X X X X X        19                        19
                       1945   X X X X X . X         1                         1
                       2015   X X X X X X X        18                        18
                       2045   X X X X X X X        25                        25
                              ---------------------------------------------------
               Holder Totals                      728                       728


Holder:   USAIR (USA)

                  ORD  0645   X X X X X X X         2                         2
                       0845   X X X X X X X         1                         1
                       0945   X X X X X X X         2                         2
                       1015   X X X X X X X         1                         1
                       1045   X X X X X X X         1                         1
                       1115   X X X X X X X         1                         1
                       1315   X X X X X X X         1                         1
                       1345   X X X X X X X         2                         2
                       1415   X X X X X X X         2                         2
                       1545   X X X X X X X         1                         1
                       1615   X X X X X X X         3                         3
                       1715   X X X X X X X         1                         1
                       1745   X X X X X X X         1                         1
                       1815   X X X X X X X         1                         1
                       1945   X X X X X X X         1                         1
                       2045   X X X X X X X         1                         1
                              ---------------------------------------------------
               Holder Totals                       22                        22
```

```
                            Slot Management System
                              Listing by Holder

JFK Season = Both     Slot Type = Commuter      Slots held less than 5 days are Included   Status Date = 03/14/88

     Holder:   AIR WISCONSIN (AWI)

                              M T W H F S U     Total        A       D        N
                  ORD  0645   X X X X X X X         1                         1
                       0645   X X X X X X .         2                         2
                       0645   X X X X X . .         4                         4
                       0715   X X X X X X X         6                         6
                       0745   X X X X X X X         4                         4
                       0745   . . . . . X .         1                         1
                       0815   X X X X X X X         3                         3
                       0845   X X X X X X X         3                         3
                       0915   X X X X X X X         4                         4
                       0915   . . . . . . X         1                         1
                       0945   X X X X X X X         6                         6
                       1015   X X X X X X X         5                         5
                       1045   X X X X X X X         2                         2
                       1115   X X X X X X X         1                         1
                       1145   X X X X X X X         9                         9
                       1215   X X X X X X X         5                         5
                       1215   . . . . . . X         1                         1
                       1245   X X X X X X X         6                         6
                       1315   X X X X X X X         2                         2
                       1345   X X X X X X X         3                         3
                       1415   X X X X X X X         5                         5
                       1445   X X X X X X X         3                         3
                       1515   X X X X X X X         5                         5
                       1545   X X X X X X X         4                         4
                       1615   X X X X X X X         4                         4
                       1645   X X X X X X X         4                         4
                       1715   X X X X X X X         4                         4
                       1715   . . . . . . X         1                         1
                       1745   X X X X X X X         2                         2
                       1815   X X X X X X X         5                         5
                       1845   X X X X X X X         2                         2
                       1915   X X X X X X X         3                         3
                       1945   X X X X X X X         6                         6
                       1945   . . . . . . X         1                         1
                       2015   X X X X X X X         1                         1
                       2015   X X X X X . X         1                         1
                       2015   X X X X X . .         1                         1
                       2045   X X X X X X X         1                         1
                              ---------------------------------------------------
               Holder Totals                      122                       122


     Holder:   ALLIANCE (ALZ)

                  ORD  0715   X X X X X X X         2                         2
                       0745   X X X X X X X         2                         2
                       0915   X X X X X X X         1                         1
                       0915   X X X X X X .         1                         1
```

		M	T	W	H	F	S	U	Total	A	D	N
	1145	X	X	X	X	X	X	X	2			2
	1145	.	.	.	.	.	X	.	1			1
	1215	.	.	.	.	.	X	.	3			3
	1545	X	X	X	X	X	X	X	2			2
	1615	X	X	X	X	X	X	X	1			1
	1645	X	X	X	X	X	X	X	1			1
	2015	X	X	X	X	X	.	X	2			2
	2045	X	X	X	X	X	.	X	2			2
Holder Totals									20			20

Holder: BRITT AIRLINES (BTA)

		M	T	W	H	F	S	U	Total	A	D	N
ORD	0645	X	X	X	X	X	X	X	1			1
	0645	X	X	X	X	X	X	.	2			2
	0715	X	X	X	X	X	X	X	2			2
	0715	X	X	X	X	X	.	X	1			1
	0715	X	X	X	X	X	.	.	4			4
	0745	X	X	X	X	X	X	X	2			2
	0745	X	X	X	X	X	X	.	1			1
	0745	X	X	X	X	X	.	.	4			4
	0815	X	X	X	X	X	X	.	5			5
	0845	X	X	X	X	X	X	X	1			1
	0845	X	X	X	X	X	X	.	5			5
	0915	X	X	X	X	X	X	.	1			1
	0945	X	X	X	X	X	X	X	2			2
	1015	X	X	X	X	X	X	X	3			3
	1015	X	X	X	X	X	.	X	2			2
	1015	X	X	X	X	X	.	.	1			1
	1045	X	X	X	X	X	X	X	1			1
	1045	X	X	X	X	X	.	.	2			2
	1115	X	X	X	X	X	X	X	6			6
	1145	X	X	X	X	X	X	X	2			2
	1145	X	X	X	X	X	.	X	1			1
	1145	X	X	X	X	X	.	.	2			2
	1215	X	X	X	X	X	X	X	4			4
	1215	X	X	X	X	X	.	.	4			4
	1245	X	X	X	X	X	X	X	3			3
	1315	X	X	X	X	X	X	X	5			5
	1315	X	X	X	X	X	.	X	1			1
	1345	X	X	X	X	X	X	X	4			4
	1345	X	X	X	X	X	.	X	1			1
	1415	X	X	X	X	X	X	X	3			3
	1445	X	X	X	X	X	X	X	3			3
	1515	X	X	X	X	X	X	X	6			6
	1545	X	X	X	X	X	X	X	6			6
	1545	X	X	X	X	X	.	X	1			1
	1615	X	X	X	X	X	X	X	6			6
	1645	X	X	X	X	X	X	X	3			3
	1715	X	X	X	X	X	X	X	2			2
	1715	X	X	X	X	X	X	.	2			2
	1715	X	X	X	X	X	.	.	1			1
	1745	X	X	X	X	X	X	X	3			3
	1815	X	X	X	X	X	X	X	5			5
	1845	X	X	X	X	X	X	X	5			5
	1915	X	X	X	X	X	X	X	3			3
	1915	X	X	X	X	X	.	X	1			1
	1945	X	X	X	X	X	.	X	2			2
	1945	X	X	X	X	X	.	.	5			5
	2015	X	X	X	X	X	X	X	6			6
	2045	X	X	X	X	X	X	X	2			2
Holder Totals									138			138

Holder: DIRECT AIR (XAP)

		M	T	W	H	F	S	U	Total	A	D	N
ORD	0745	X	X	X	X	X	.	.	1			1
	0815	X	X	X	X	X	X	.	1			1
	1645	X	X	X	X	X	X	X	1			1
	1815	X	X	X	X	X	.	X	1			1
Holder Totals									4			4

Holder: FAA (TEMPORARY HOLDER) (0001)

		M	T	W	H	F	S	U	Total	A	D	N
ORD	0645	X	X	X	X	X	X	X	4			4
	0645	.	.	.	.	.	X	X	9			9
	0645	.	.	.	.	.	.	X	4			4
	0715	.	.	.	.	.	X	X	7			7
	0715	.	.	.	.	.	X	.	1			1
	0715	.	.	.	.	.	.	X	2			2
	0745	.	.	.	.	.	X	X	4			4
	0745	.	.	.	.	.	.	X	5			5
	0815	.	.	.	.	.	X	X	1			1
	0815	.	.	.	.	.	.	X	6			6
	0845	.	.	.	.	.	.	X	5			5
	0915	.	.	.	.	.	.	X	1			1
	0945	.	.	.	.	.	.	X	1			1
	1015	.	.	.	.	.	X	X	1			1
	1015	.	.	.	.	.	X	.	2			2
	1045	X	X	X	X	X	X	.	1			1
	1045	.	.	.	.	.	X	X	2			2
	1145	.	.	.	.	.	X	X	1			1
	1145	.	.	.	.	.	X	.	1			1
	1145	.	.	.	.	.	.	X	1			1
	1215	.	.	.	.	.	X	X	1			1

```
                                                  M T W H F S U    Total      A      D      N
                                           1215   . . . . . . X        2                    2
                                           1315   . . . . . X .        1                    1
                                           1345   . . . . . X .        1                    1
                                           1545   . . . . . X .        1                    1
                                           1715   . . . . . X X        1                    1
                                           1715   . . . . . . X        1                    1
                                           1915   . . . . . X .        5                    5
                                           1945   . . . . . X X        3                    3
                                           1945   . . . . . X .       10                   10
                                           2015   X X X X X X X        1                    1
                                           2015   . . . . . X X        1                    1
                                           2015   . . . . . X .        9                    9
                                           2045   X X X X X X X        8                    8
                                           2045   . . . . . X X        2                    2
                                           2045   . . . . . X .        6                    6
                                                  -------------------------------------------
                                   Holder Totals                     112                  112


Holder:   GREAT LAKES AVIATION (GLA)
                                    ORD    0645   X X X X X . .        2                    2
                                           0715   X X X X X . .        2                    2
                                           0815   X X X X X X X        1                    1
                                           0815   X X X X X . .        1                    1
                                           0945   X X X X X X .        1                    1
                                           1145   X X X X X X X        1                    1
                                           1215   X X X X X X X        1                    1
                                           1615   X X X X X X X        1                    1
                                           1645   X X X X X X X        1                    1
                                           1945   . . . . . . X        1                    1
                                           2015   X X X X X X X        2                    2
                                           2045   X X X X X X X        1                    1
                                           2045   X X X X X . X        1                    1
                                           2045   X X X X X . .        2                    2
                                                  -------------------------------------------
                                   Holder Totals                      18                   18


Holder:   PROHPETER AVIATION (PPA)
                                    ORD    0645   X X X X X X X        1                    1
                                           0815   X X X X X X X        1                    1
                                           1145   X X X X X X X        1                    1
                                           1215   X X X X X . .        1                    1
                                           1215   . . . . . X X        1                    1
                                           1815   X X X X X X X        1                    1
                                           1915   . . . . . X .        1                    1
                                           2015   X X X X X . X        1                    1
                                                  -------------------------------------------
                                   Holder Totals                       8                    8


Holder:   SIMMONS AVIATION (SYM)

                                    ORD    0645   X X X X X . .        3                    3
                                           0715   X X X X X X .        2                    2
                                           0715   X X X X X . .        1                    1
                                           0745   X X X X X X X        3                    3
                                           0745   X X X X X X .        3                    3
                                           0815   X X X X X X X        8                    8
                                           0845   X X X X X X X        4                    4
                                           0915   X X X X X X X        5                    5
                                           0945   X X X X X X X        4                    4
                                           1015   X X X X X X X        1                    1
                                           1045   X X X X X X X        7                    7
                                           1045   . . . . . . X        1                    1
                                           1115   X X X X X X X        5                    5
                                           1145   X X X X X X X        2                    2
                                           1215   X X X X X X X        5                    5
                                           1245   X X X X X X X        3                    3
                                           1315   X X X X X X X        5                    5
                                           1345   X X X X X X X        4                    4
                                           1415   X X X X X X X        5                    5
                                           1445   X X X X X X X        6                    6
                                           1515   X X X X X X X        2                    2
                                           1545   X X X X X X X        2                    2
                                           1615   X X X X X X X        3                    3
                                           1645   X X X X X X X        2                    2
                                           1715   X X X X X X X        4                    4
                                           1745   X X X X X X X        7                    7
                                           1815   X X X X X X X        1                    1
                                           1815   . . . . . X .        1                    1
                                           1845   X X X X X X X        5                    5
                                           1915   X X X X X X X        1                    1
                                           1915   X X X X X . X        5                    5
                                           1945   X X X X X X X        1                    1
                                           1945   X X X X X . X        6                    6
                                           2015   X X X X X . X        5                    5
                                           2045   X X X X X . X        2                    2
                                                  -------------------------------------------
                                   Holder Totals                     124                  124


Holder:   WISE AVIATION (WIS)
                                    ORD    2045   X X X X X . X        1                    1
                                                  -------------------------------------------
                                   Holder Totals                       1                    1
```

DOT BUDGET REQUESTS

SENATOR LAUTENBERG: Please provide a table comparing initial modal request to OST, DOT's requests to OMB, and the President's budget, for each account.

ANSWER: The information is provided below. All requests in the submissions to OST and OMB precede the deficit reduction agreement. All requests in the President's budget include annualization of the FY 1988 pay raise in FY 1989.

DEPARTMENT OF TRANSPORTATION

FY1989 BUDGET AUTHORITY
($ in thousands)

Notes: Requests in Columns A & B precede Deficit Reduction Agreement.
Amounts in column C include FY1988 and FY1989 Federal pay raises.

	A	B	C
ADMINISTRATION & APPROP	INITIAL MODAL REQUEST TO OST (JULY-1987)	SUBMISSION TO OMB (SEP-1987)	PRESIDENT'S BUDGET (FEB-1988)
FEDERAL HIGHWAY ADMIN			
FEDERAL AID HIGHWAYS	13,627,189	13,701,929	13,701,929
[Obl Limitation]	[12,350,000]	[12,012,000]	[11,398,000]
LIMITATION-GEN OP EXPENSE	[235,153]	[227,511]	[223,901]
MOTOR CARR SFTY GRANTS	60,000	60,000	60,000
[Obl Limitation]	XXX	[60,000]	[60,000]
MOTOR CARRIER SAFETY	30,161	27,220	24,577
HGHWY REL SFTY GRANTS	10,000	10,000	10,000
[Obl Limitation]	[10,000]	[10,000]	[10,000]
HGHWY SAFETY R&D	8,500	[Note 1]	[Note 1]
MISCELLANEOUS TR FUNDS	3,695	3,695	3,695
Subtotal FHWA	13,739,545	13,802,844	13,800,201

Note: [1] Included at FY88 level in consolidated R&D program (Lim Gen Op Exp).

NAT HWY TFC SAFETY ADMIN			
OPERATIONS & RESEARCH	99,607	97,736	94,538
HGHWY TRAF SFTY GRANTS	126,000	126,000	126,000
(Obl Limitation)	[129,750]	[145,750]	[128,500]
Subtotal NHTSA	225,607	223,736	220,538
FEDERAL RAILROAD ADMIN			
OFFC OF ADMINISTRATOR	23,953	22,600	18,292
RAILROAD SAFETY	32,526	31,600	28,518
RAILROAD RESEARCH & DEV	10,745	10,000	9,297
GRANTS TO NRPC(AMTRAK)	425,000	417,000	0
MISC DEBT AUTHORITY	0	0	540
Subtotal FRA	492,224	481,200	56,647

ADMINISTRATION & APPROP	A INITIAL MODAL REQUEST TO OST (JULY-1987)	B SUBMISSION TO OMB (SEP-1987)	C PRESIDENT'S BUDGET (FEB-1988)
URBAN MASS TRANS ADMIN			
FORMULA TRANSIT			
GRANTS (TF)-CA	0	1,365,000	1,394,000
(Obl Limitation)	0	[1,365,000]	[1,394,000]
FORMULA GRANTS(GF)-APPROP	1,140,900	0	0
DISCRETIONARY			
GRANTS (TF)-CA	1,250,000	1,250,000	1,250,000
PROPOSED LEGIS	0	(1,250,000)	(1,250,000)
(Obl Limitation)	[1,250,000]	0	0
ADMIN EXPENSES	34,525	[34,000] [2]	[32,500] [2
RES, TRA & HUMAN RES	10,475	[10,000] [2]	[10,000] [2
WASHINGTON METRO	125,000	125,000	128,000
Subtotal UMTA	2,560,900	1,490,000	1,522,000
FEDERAL AVIATION ADMIN			
OPERATIONS	3,631,607	3,674,000	3,444,750
HQ ADMINISTRATION	41,877	39,700	37,057
FACILITIES & EQUIP	1,618,000	1,944,000	1,600,000
RES ENG & DEV	213,000	170,000	155,000
GRANTS-IN-AID AIRPORTS	1,720,000	1,720,000	1,700,000
(Obl Limitation)	[1,720,000]	[1,720,000]	[1,200,000]
LOAN GUAR DEF LIMIT	[No Limit]	[No Limit]	[57,000]
MISC DEBT AUTHORITY	0	0	238
Subtotal FAA	7,224,484	7,547,700	6,937,045
U S COAST GUARD			
OPERATING EXPENSES	2,139,666	2,104,400	2,100,506
[BOAT SAFETY $ INCL]	[15,000]	[30,000]	[30,000]
AQUIS,CONSTR & IMP	841,100	777,200	348,000
ALT OF BRIDGES	11,700	9,500	8,500
RETIRED PAY	414,000	410,000	410,000
RESERVE TRAINING	80,737	80,737	68,500
RES DEV TEST & EVAL	21,000	20,000	19,000
BOAT SAFETY GRANTS	30,000	15,000	15,000
(Obl Limitation)	[30,000]	[15,000]	[15,000]
POLLUTION FUNDS	0	0	0
MISC PERM APPROP	5,780	5,780	5,780
Subtotal USCG	3,544,783	3,423,417	2,976,086
(New User Fees)	[470,000]	[470,000]	[0]
MARITIME ADMIN			
OPER DIFF SUBS - PERM CA	0	0	151,520
OPER DIFF SUBS - APPROP	0	0	72,790
[LIQUIDATING CASH]	[202,370]	[202,370]	[248,900]
OPERATIONS & TRAINING	76,247	75,793	74,100
READY RESERVE FORCE	64,000	62,876	110,751
OCEAN FRT DIFFERENTIAL	68,921	68,921	68,921
PROPOSED LEGISLATION	0	0	(6,921)
FED SHIP FIN DEFAULTS	21,681	0	90
(Loan Guar Commitments)	(200,000)	(200,000)	(0)
MISC PERM APPROP	115	115	115
Subtotal MARAD	230,964	207,705	471,366

Note: [2] Included as a limitation within Formula Transit Grants (TF).

	A	B	C
ADMINISTRATION & APPROP	INITIAL MODAL REQUEST TO OST (JULY-1987)	SUBMISSION TO OMB (SEP-1987)	PRESIDENT'S BUDGET (FEB-1988)
ST. LAWRENCE SEAWAY			
OPER AND MAINTENANCE (TF)	14,600	12,313	11,500
LOCK REHABILITATION	18,000	18,000	0
PROPOSED LEGISLATION (BA)	(14,600)	(12,313)	(11,500)
(Restore Admin Exp Lim)	[2,180]	[2,180]	[2,130]
Subtotal SLSDC	18,000	18,000	0
INSPECTOR GENERAL (S&E)	30,800	30,587	29,639
RES & SPEC PROGRAMS ADMIN			
RES & SPEC PROG	16,434	16,800	15,559
PIPELINE SAFETY	10,259	10,319	9,723
Subtotal RSPA	26,693	27,119	25,282
OFC OF THE SECRETARY			
SALARIES & EXPENSES	61,009	61,000	58,205
TRANS PLAN, RES & DEV	10,893	8,975	6,700
PAYMENTS TO AIR CARR	4,000	0	0
WORKING CAP FUND	3,936	3,900	3,705
WORKING CAP FND OBLIM	[135,707]	[135,000]	[135,000]
Subtotal OST	79,838	73,875	68,610
ICC - PROPOSED LEGISLATION	0	17,036	16,926
TOTALS: BUDGET AUTHORITY	28,173,838	27,343,219	26,124,340
OBL LIMITATIONS	[15,489,750]	[15,327,750]	[14,205,500]

PEAK HOUR PRICING RESEARCH

SENATOR LAUTENBERG: Last year, it was indicated that the department was planning some research on peak hour pricing as a means of reducing airport congestion and delays. What is the status of your research? Have you reached any conclusions? If not, when do you expect to complete the study. Do you expect to do a rulemaking on the basis of your findings?

ANSWER: Due to budgetary restraints we have to delay the peak hour pricing project. We still believe that this is an important subject, and we are hopeful that work can begin again when funds are available. In the meantime, we have been willing to consider the issue on a case-by-case basis when it is raised, as with the Massport proposal for changing the landing fee system to address peak period concerns at Boston Logan airport.

DRUG AND ALCOHOL TESTING

SENATOR LAUTENBERG: When asked how the Department proposed to assure that drug and alcohol testing is not used by management to harass employees, the Secretary responded, in essence, by:

(1) Describing the various safeguards in DOT's program for testing its own employees.
(2) Suggesting that "grievance procedures" could best address any claims of harassment in the private sector and that private sector programs developed "along the lines" of the DOT program should "withstand such attacks."

What about employees not represented by a union? What steps is DOT taking to assure that private sector drug testing programs include appropriate safeguards against employee harassment?

ANSWER: As the question implies, wherever employees are represented by unions, we expect the union to play an important role in protecting employees from harassment.

More generally, however, our proposals call for drug testing on specific occasions, not merely at the whim of an employer. Thus, pre-employment tests would be conducted prior to the employee's assignment to a sensitive safety or security-related position. Similarly, post-accident tests come only after an accident, periodic tests only during scheduled physical exams, and random tests only when the employee's name is randomly selected.

The only type of testing that involves a significant degree of employer discretion is reasonable cause testing. In this case, however, we have proposals to limit the chance that drug testing could be used as an instrument of harassment. One proposal is to require that two supervisors agree that an employee's behavior, appearance and demeanor really create a reasonable cause to believe that the employee is using drugs. We have also invited comments on this issue in our Notice of Proposed Rulemaking.

In addition, drug testing seems to be a relatively unlikely means of harassment. An unscrupulous supervisor will probably have easier ways to harass disfavored employees than through drug tests, because our program would necessitate the creation of a "paper trail" for each drug test. Ultimately, the existence of numerous negative test results from one employee (or at the request of one supervisor) would be documented evidence that there is harassment.

AERONAUTICAL MAPS REGULATION

SENATOR LAUTENBERG: Mr. Secretary, on December 19, 1985, in Section 328 of the Continuing Appropriation Act for Fiscal Year 1986 a new Section 1118 of the Federal Aviation Act requires the United States to enter into agreements to indemnify the publishers of aeronautical charts or maps to incur liability for accurately depicting defective flight procedures promulgated by the Federal Aviation Administration, except where the defect or deficiency is obvious.

Further, in Senate Report 100-198, the DOT Appropriations Act for Fiscal Year 1988, the Committee pointed out that "the Federal Aviation Administration has yet to promulgate regulations for the implementation of Section 1118 of the Federal Aviation Act regarding aeronautical maps and charts. The Committee directs the Administrator to place a higher priority on issuing proposed regulations in order to effectuate this provision by the end of the current year."

The regulations have not yet been promulgated. Mr. Secretary, we would like to express our concern and strongly urge you to promulgate the regulations in an expeditious manner. When do you expect to have these regulations in place?

ANSWER: The agency is preparing to issue a notice of proposed rulemaking on this issue. Issuance of a final rule is expected by November 15, 1988. While the regulations will provide specific procedures for submission and review of indemnification requests, it is our understanding that the FAA may indemnify publishers under the authority of the Act with or without implementing regulations.

BURDENSOME FEDERAL PROCUREMENT PROCEDURES

SENATOR LAUTENBERG: The checks and balances of Federal procurement regulations were intended to minimize fraud, waste, and abuse. They are designed to make sure that the taxpayers get what they pay for and that the systems are thoroughly tested before they are installed. We are well aware of the procurement horror stories that have plagued DOD when controls were compromised. You say that the rules are so cumbersome that they have made some purchases technological relics by the time they are actually installed. However, at the same time you also state that over the last 5 years you have "made substantial progress in modernizing air traffic control equipment." Also, Secretary Dole testified last July that by the end of last fiscal year about 90 percent of the NAS Plan projects would be under contract. If that is true, then why the need to drastically alter the process at this late date?

ANSWER: While FAA has made substantial progress in contracting for NAS Plan projects, we believe it is important to benefit from our experience with problems in contracting by improving the procurement process. There will continue to be acquisitions in the future to maintain, modernize and enhance NAS equipment. We want to be able to benefit in the future from lessons learned on past procurements.

SENATOR LAUTENBERG: What specific part of the procurement regulations would you like to set aside? Which ones constitute an unwarranted burden? Competitive procurements? Test and evaluation?

ANSWER: Major Federal Aviation Administration (FAA) computer acquisitions, such as are required to revamp the Air Traffic Control System, are subject to the following rules and regulations:

- The General Services Administration must grant a Delegation of Procurement Authority before any agency can proceed with a major ADP acquisition and the acquisition must be conducted in accordance with the Federal Information Resources Management Regulations.
- The Office of Management and Budget, through Circular A-109, lays out a four step acquisition decision-making process which must be documented and followed in any major system procurement.
- The Office of Federal Procurement Policy sets government-wide acquisition rules and regulations through the Federal Acquisition Regulations (FAR) which govern all procurement actions and which all agencies must adhere to.

Although these different sets of rules make sense individually, when combined, they often result in a cumbersome and time-consuming procurement process. Each set of rules was issued by a different agency, and they can be duplicative and/or contradictory. The need is not so much to set aside procurement regulations as to simplify them and establish some measure of uniformity. For example, an unsuccessful offeror in a competition can complain to several different agencies (FAA, GAO, GSA) with varying results.

SENATOR LAUTENBERG: What are some examples of air traffic control equipment you recently installed that were "technology relics" by the time they were installed? What other NAS Plan Equipment or Systems currently under production or development will also fall into that category?

ANSWER: Major systems take anywhere from 9-15 years from development through initial deployment. In the high technology environment of the National Airspace System, FAA must constantly make tradeoffs between fielding equipment as quickly as possible and keeping technology up-to-date (with the attendant need for additional testing and potential schedule delays).

To give an example, the Advanced Automation System (AAS) development contracts were awarded in 1984 and the first system will not be deployed until 1993. During that time, the technology involved in AAS has continued to evolve. FAA must balance making constant changes to the system as it is being developed to keep it up-to-date and getting a system into the field to replace the aging existing system.

With regard to existing equipment, FAA has had to make interim upgrades of existing technology at air traffic control facilities such as the Automated Radar Terminal Service (ARTS) II and III tower automation while awaiting AAS. The Advanced Automation System will provide new tower automation, but until it is ready, this necessary interim action has utilized technology which is not state-of-the-art in order to meet immediate needs.

SENATOR LAUTENBERG: FAA has said its contracting progress has been hurt by shortages or unfilled vacancies in contracting support personnel. Why didn't the Department see to it that FAA could maintain an adequate contracting support staff?

ANSWER: The NAS Plan has resulted in a sizeable increase in the amount of procurement activity FAA must accomplish. It has also necessitated devoting more resources to the operational area to insure that immediate operational needs have been addressed. The FAA Administrator has the authority to allocate employment slots to all programs other than controllers and inspectors. FAA will have to assign a higher priority to NAS contract staff, and has in fact recently filled several vacancies in that office.

UNCERTAINTIES OF THE ANNUAL APPROPRIATION PROCESS

SENATOR LAUTENBERG: You complain about uncertainties in appropriations for FAA operations, but a look at the record since fiscal year 1982 shows that for the past 7 years:

- -- Congress has provided $11 million more than what the administration requested
- -- In fiscal years 1982 and 1987 congressional appropriations were 8 percent and 9 percent above your budget requests
- -- The largest reduction was only 4 percent and that occurred in fiscal year 1984

If you want to talk about uncertainties, how about this. Last May in talking about the NAS Plan, you said that you were half way through a 10 year, 12 billion dollar program. But last month an FAA official said that the NAS Plan would cost $15 billion. That's a whopping increase! Why are you so uncertain about the cost of the NAS Plan - especially, if you are half way through it as you have claimed?

ANSWER: At this point in time there is no uncertainty about the cost of the NAS Plan. As we pointed out in testimony last year, the estimate for the total NAS Plan is $15.8 billion. Funding required through 1992 is still estimated at $12.2 billion. There has always been a requirement for additional funding beyond 1992, since not every project in the NAS Plan will be fully completed by then. We estimate the cost of delivering, installing, and activating every element of the plan will require an additional $3.6 billion.

SENATOR LAUTENBERG: How do you explain the large increase in the cost of the NAS Plan between May 1987 and January 1988?

ANSWER: As stated above, our testimony last year addressed the total $15.8 billion NAS Plan cost estimate which includes the $3.6 billion cost to complete for post 1992. There has not been a cost increase from last year.

SENATOR LAUTENBERG: Will the plan be completed in 1992?

ANSWER: The NAS Plan will not be completed in 1992. In fact, the first NAS Plan in 1981 contained projects with final deliveries of all components expected to occur around the year 2000. Specifically, the Plan ends with the completion of the installation of all of the interactive software for Automated En Route Air Traffic Control (AERA) and the installation and commissioning of the 1250th Microwave Landing System.

SENATOR LAUTENBERG: Also, in last year's hearing record, the FAA provided the reasons for delay in the NAS Plan major projects. In not one case did FAA say that a shortage of funding was a cause for delay.

ANSWER: It is true that in giving reasons for delays in specific projects, FAA did not cite lack of funding, but the list is just the projects already underway that have delays. It doesn't address programs deferred or scaled down because of funding cuts.

CONTROLLER WORKFORCE STAFFING

SENATOR LAUTENBERG: We are pleased with the progress that was achieved in coming up with a more meaningful and accurate definition of the controller workforce. On the surface, your budget request for 900 more controllers over this year's required level of 15,900 may be indicative of a more realistic assessment of staffing needs. Even so, we remain concerned about the quality of the underlying basis for any staffing estimates.

Valid staffing standards are critical to the progress of determining how many controllers are needed. The GAO, however, recently testified that FAA's staffing standards were seriously flawed in several respects. In fact, FAA doesn't even have standards for supervisors and traffic management coordinators which are included in the total workforce. How can the Department or this Committee be confident that the budget request is predicted on a valid, up-to-date analysis of real staffing needs.

ANSWER: The 900 increase, bringing the controller workforce to 16,800 for FY 1989, is based on projections of workload for forecasted traffic growth. In addition to the aviation forecast, other factors were considered in establishing the controller staffing levels: the geographic distribution, mix and scheduling concentration of air traffic; the projected number of sectors and control positions; the addition and expansion of terminal control areas and airport radar service areas; reconfiguration of airspace such as the East, West, and Mid-Continent Plans, which will permit an even flow of larger volumes of air traffic; and the number of controllers in training and not yet available for air traffic control.

Regarding the staffing standards, the air route traffic control center staffing standard was last revised in 1985 by an industrial engineering firm and was based on an automated work and time study using a series of mathematical formulas and a scheduling algorithm that considers controller availability. There is no plan at this time to redo or revise this standard. For the terminals, the staffing standard was last updated in 1984 and, with the support of an industrial engineering firm, is again being revised. A standard for radar facilities will be developed first, followed by a standard for cab facilities. FAA estimates that it will take about two years to complete the work. For the traffic management coordinators and supervisors, an FAA in-house team consisting of management systems and air traffic personnel is in the process of finalizing a work plan to develop staffing standards for these two categories of the work-force. In the mean time, staffing decisions with respect to traffic management coordinators and supervisors are based on the expert judgment of air traffic facility managers who are on site and know firsthand their needs for these key personnel.

NAS PLAN SCHEDULE SLIPPAGES

SENATOR LAUTENBERG: Please update the table entitled "Reasons for Slippages in Major NAS PLAN Projects" appearing on pages 68-69 in last year's hearings.

ANSWER: The update requested is as follows:

REASONS FOR SLIPPAGES IN MAJOR NAS PLAN PROJECTS

MSA Project	Slip from 1983 NAS	Reason for Slip
HOST	6 months (actual)	Contractor delays in software coding and documentation.
AAS	5 Years	Additional requirements added (color/AERA) and additional provisions for preproduction operational testing. Based on implementation of Initial Sector Suite System (not in 1983 NAS Plan).

REASONS FOR SLIPPAGES IN MAJOR NAS PLAN PROJECTS (Cont.)

MSA Project	Slip from 1983 NAS	Reason for Slip
VSCS	2 Years	Additional requirements (number of operational positions, redundancy) and testing to reduce risk.
FSAS	5 years (actual)	Implementation started in 1986.
AWOS	2 years	Contractor difficulty complying with Critical Design Review requirements and failure to perform required quality assurance procedures. Decision made to procure commercial off-the-shelf systems in lieu of continuing with the pilot program contractor.
CWP	Advanced by 6 Months	Program has been restructured to expedite implementation.
Long Range Radar (ARSR-4/FARR)	4 Years	Delay in consummating FAA/USAF agreement on number of systems required and funding.
MLS	3 Years	Delay in contractor software coding; changes of deployment location/runway; delay in receipt of valid frequency assignments. Contractor problems.
RML	3 Years (actual)	Implementation started in 1986.
TDWR (New Project in 1986 plan)	Advanced 2 years	Accelerated acquisitions.
MODE-S	2 Years	Prototype added, clarification of specifications, revised test plan, contractor late meeting critical design review.

TRANSPONDER RULEMAKING

SENATOR LAUTENBERG: What is the status of the rulemaking on altitude reporting (Mode C) transponders?

ANSWER: A Final Rule is about to be issued which will require Mode-C transponders for operation in the airspace surrounding the nation's busiest airports. A recent Notice of Proposed Rulemaking (NPRM) would require such transponders for operation in terminal areas where air traffic control radar service is provided and in controlled airspace at and above 6,000 feet above the surface. The NPRM was published in the Federal Register on February 12, 1988, and comments are due before March 28, 1988.

SENATOR LAUTENBERG: When do you expect to have a more comprehensive rule, in accordance with the directives in the FY 1988 Continuing Resolution, in place?

ANSWER: We plan to issue a Final Rule within the six-month period required by the Airport and Airway Safety and Capacity Expansion Act of 1987. Our current schedule calls for publication on June 17, 1988.

FAA ABILITY TO PREDICT SECTOR TRAFFIC OVERLOAD

SENATOR LAUTENBERG: Last December FAA announced that it was acquiring computers for a new system called "Monitor Alert". This new system is supposed to be operational by this summer. It is supposed to give FAA the ability to know in advance when an air traffic control sector will be saturated with more traffic than could be handled safely. Is that true? If so, then why did you and Secretary Dole tell the public and this Committee that FAA had that capability last summer?

ANSWER: Yes, the Monitor Alert will allow FAA to predict sector overload four hours before the congestion takes place. The equipment necessary for the Monitor Alert function was delivered in January, and the software is in the final stages of development. Testing will begin in April, and the Monitor Alert capability will be fully operational this summer.

The Aircraft Situation Display (ASD) system, of which the Monitor Alert is an additional capability, was placed into operation this past summer. The ASD receives radar data from 20 U.S. enroute centers on all aircraft in the NAS System. It can depict the entire U.S., a single enroute sector, or anything in between. It can provide information on individual flights, including flight plan information, and it can show inbound and/or outbound flights destined to or from a particular location. The data is presented on computer terminals in FAA's Central Flow Control Facility, and is used by FAA personnel to institute flow control programs to alleviate congestion in enroute sectors.

FAA's original plan was to provide the Monitor Alert function at the same time the ASD was implemented. However, because the ASD became operational at an early stage, the software for Monitor Alert was not yet written.

PENALTY CLAUSE WAIVER

SENATOR LAUTENBERG: Mr. Secretary, the budget proposes language waiving the so-called "penalty clause" with respect to the Aviation Trust Fund share of FAA Operations funding. This "2-for-1" penalty was just enacted last session as part of the Airport and Airway Capacity Expansion Act of 1987. Why are you requesting a waiver?

ANSWER: Within 24 hours at the end of 1987, the Congress passed two pieces of legislation that conflicted on the basic issue of Aviation Trust Fund support of FAA's budget: the reauthorization bill, which includes the penalty clause and which rolls back aviation taxes by 50 percent if the minimum FY 1988-1989 funding levels set out in the reauthorization bill are not appropriated by Congress, and the Continuing Resolution that imposed the FAA capital reductions which the penalty provision was designed to prevent. The Congress thereby guaranteed that the Trust Fund balance is going to go up again this year, but that has literally nothing to do with how much we spend on aviation needs in this country. For 1989, we are asking for $6.4 billion for aviation needs; the Aviation Trust Fund will collect about $3.8 billion in new tax revenue. We believe that the Congress should free the Trust Fund from the constraints of the penalty provision.

For FY 1989, we are proposing to waive a portion of the penalty provision. As provided in the 1987 Act, the proposal for Trust Fund financing of Operations represents 50 percent of the amounts to be made available for Airport Grants, Facilities and Equipment, and Research. However, we propose to waive the provision in the 1987 Act which would further reduce the Trust Fund amount for Operations by twice the amount that Airport Grants, Facilities and Equipment, and Research funding is below the specified levels in the Authorization Act.

If this "2-for-1" penalty is not waived, only $498 million of Operations would be financed from the Trust Fund, and the surplus in the Aviation Trust Fund would go up to $6.6 billion -- $1 billion higher than the $5.6 billion resulting from our request. The general taxpayer would pick up the bill for that extra $1 billion for FAA Operations. That is an unfair burden to lay on the general taxpayer when we are proposing a 13 percent increase in FAA funding and higher levels, which could avoid operation of the penalty, simply cannot be accommodated under the White House-Congressional Deficit Reduction Agreement.

FAA DEFERRAL

SENATOR LAUTENBERG: The most recent deferral message from the President dated February 22, 1988, includes a deferral of $1,329,907,026 in the FAA Facilities and Equipment account. Please provide tables displaying the following information for the record: (1) the funding for each of the major NAS Plan projects which is included in the deferral, and (2) the funding for other NAS Plan projects by appropriate category -- e.g., landing aids, navigation aids, etc.

ANSWER: The President's message contained a deferral of Facilities and Equipment (F&E) funds that are required to complete approved F&E projects. A substantial portion of this deferral is anticipated at the time funds are requested and is a result of almost all F&E projects being budgeted on a "fully funded" basis.

Fully funded programs are those in which the initial budget item and appropriation includes all of the necessary funds to procure, install, and commission a specific number of systems. The obligation of these funds occurs over a period of up to 5 years. Normally, obligations for the major hardware contract are made in the first fiscal year the funds are available. In the second year, obligations are made for ancillary subsystems that have a shorter procurement leadtime. In the third, fourth, and fifth year, funds are obligated for provisioning, site preparation, construction, equipment installation, flight check, etc., as the major equipment comes off the assembly line. The actual obligation profiles vary considerably depending on the specific equipment and number of locations involved.

The full funding concept has been used for many years and has been widely accepted by FAA, Congress, and industry. It allows for flexible program management because funds are available when needed to complete different segments of the program. GAO, as a result of government-wide studies, had identified many advantages to full funding including: "improves many aspects of management," "facilitates better estimates," "minimizes construction delays," and "provides cost savings in conjunction with multi-year contracting."

The information on carryover (deferral) funds requested is summarized below:

BU NO./MAJOR NAS PLAN PROJECTS	(in thousands of dollars)
1A LRR	9,100.0
1A RML	75,446.0
1B HOST	5,500.0
1B AAS	0.0
1B CWP	5,928.0
1C VSCS	0.0
2A MODE-S	22,982.0
2A ASR-9	154,244.0
2A TDWR	2,295.0
3A FSAS	38,011.0
3A AWOS	3,548.0
4C AWOS	10,610.0
4C MLS	20,542.0
SUBTOTAL MSA's	348,206.0
OTHER BUDGET ITEMS	
1A EN ROUTE RADAR	78,786.3
1B EN ROUTE AUTOMATION	27,572.5
1C OTHER CENTER FAC.	162,943.3
1 SUBTOTAL	269,302.1
2A TERMINAL RADAR	156,430.1
2B TERMINAL AUTOMATION	63,166.0
2C OTHER TOWER FAC.	194,384.6
2 SUBTOTAL	413,980.7
3A FLIGHT SERVICE STATIONS	65,873.0
3B INTERNATIONAL FSS	440.0
3 SUBTOTAL	66,313.0
4A VORTAC	35,847.7
4B LOW & MEDIUM FREQ. FAC.	4,867.3
4C NAVAIDS & LANDING SYS.	96,584.8
4 SUBTOTAL	137,299.8

BU NO./MAJOR NAS PLAN PROJECTS (Cont'd)	(in thousands of dollars)
5B UTILITIES & MISC.	88,804.5
5C NAVAID IMPROVE & SUPPORT	30,242.9
5 SUBTOTAL	119,047.4
6 AIRCRAFT AND RELATED EQUIP.	15,647.0
6 SUBTOTAL	15,647.0
7 DEVELOPMENT, TEST & EVAL.	10,112.4
7 SUBTOTAL	10,112.4
SUBTOTAL OTHER	1,031,702.4
TOTAL	1,379,908.4*

* This amount differs slightly from that included in the President's deferral message because this analysis was done at a later date and the amount of carryover has increased by a small percentage.

SENATOR LAUTENBERG: What funding of non-NAS Plan projects is included in the deferral?

ANSWER: There is no funding of non-NAS Plan projects included in the deferral.

SENATOR LAUTENBERG: Provide a breakout of the NAS Plan projects covered by the deferral for which available appropriations provide full funding versus those for which the funding plan is incremental.

ANSWER: The NAS Plan projects covered by the deferral which are incremental are AAS, VSCS, and FSAS. All others are full funded.

SENATOR LAUTENBERG: Provide the scheduled completion date for each of the major National Airspace System (NAS) Plan projects as projected in the 1983 NAS Plan compared with the current scheduled completion date.

ANSWER: Scheduled completion dates for each of the NAS Plan projects designated by the Department of Transportation as Major System Acquisition (MSA) as projected in the 1983 NAS Plan compared with the current scheduled completion dates are as follows:

MSA Project	1983 NAS Plan Date	Current Scheduled Completion Date
Advanced Automation Program		
Modern ATC Host Computer ((HOST)	1987	1988
Advanced Automation System (AAS)	1994	1999

Automated En Route Air Traffic Control I (AERA-1)	1992	1999
Flight Service Automation System (FSAS)	1989	1994
Voice Switching & Control System (VSCS)	1992	1993
Microwave Landing System (MLS)	1999	2001
Mode-S	1993	1995
Airport Surveillance Radar (ASR-9)	1992	1992
Radar Microwave Link (RML)	1989	1992
Central Weather Processor (CWP)	1991	--
Meteorological Weather Processor (MWP)	--	1990
Real-Time Weather Processor (RWP)	--	1996
Long-Range Radar (ARSR-4)	1991	1996
Terminal Doppler Weather Radar (TDWR)	1998*	1996

* Added in 1986 NAS Plan

SENATOR LAUTENBERG: Provide the annual obligations for each of the major NAS Plan projects projected on the basis of the 1983 NAS Plan compared with the actual and projected annual obligations on the current schedule.

ANSWER: For planning purposes, the 1983 NAS Plan was based on annual funding at the levels authorized by the Airport and Airway Improvement Act of 1982, as amended. It did not assume specific levels of project obligations by year or program. Fiscal year obligation goals are established during development of FAA's budget requests to Congress, and are redefined annually to reflect the level of yearly appropriations enacted by Congress.

The following table presents F&E obligations of current year appropriations and past year appropriations.

FACILITIES & EQUIPMENT OBLIGATIONS
($ in millions)

	FY 1983 Actual	FY 1984 Actual	FY 1985 Actual	FY 1986 Actual	FY 1987 Actual	FY 1988 Est.(1)
Obligations of current year appropriations:	156	95	728	357	489	480
Obligations of past year appropriations:	193	269	472	396	503	432
Total obligations:	349	364	1,200	753	992	912
Appropriations:	625	750	1,358	895	805	1,108

(1) Note: As reflected in the FY 1988 column of the FY 1989 President's Budget; however, FAA expects to exceed that estimate.

SENATOR LAUTENBERG: Provide reasons for any slippage.

ANSWER: Provided in earlier table.

EXPANDED EAST COAST PLAN - AIRCRAFT NOISE

SENATOR LAUTENBERG: Let's talk about aircraft noise, and the Expanded East Coast Plan. A lot of people in New Jersey are.

You implemented the East Coast Plan without conducting an environmental assessment. FAA said there would be no impact. But complaints are pouring in from towns like Cranford and Long Valley. I'm getting them and I know you're getting them. What are you doing about it?

ANSWER: We are working with the Port Authority of New York and New Jersey and the New Jersey Attorney General's Office to obtain the objective data needed to determine what the problem is. Once we have the data and have analyzed it, we will be able to see what options are available.

The FAA did a limited study of the Long Valley area using radar flight track information to describe the aircraft passing over the area and computer predictions of the noise levels on the ground due to those operations. Based on that limited analysis, the noise levels in the area appear to be around 50, which is the yearly day-night average sound level (Ldn) in A-weighted decibels (dBA). Under Federally accepted standards, those noise levels are perfectly compatible with land being used for residential use even though residents will certainly hear some of the louder aircraft as they pass over the area.

SENATOR LAUTENBERG: While we wait for long term solutions, like quieter fleets, interim steps to help reduce noise should be explored. What about, in the case of Newark, shifting flights east, over the water? What options are you looking at?

ANSWER: Newark is only one element of some very crowded airspace and to shift its flights east could cause some very difficult problems. First, the airspace east of Newark is used by LaGuardia and Kennedy and adding a part of Newark's traffic might not be possible. Then we have the problem of military use of the offshore areas for the Eastern Test Range and the coordination which would be required to introduce that new traffic into the offshore operating areas without destroying their value. Also, in accordance with Executive Order 10854, we would need the concurrence of the Departments of Defense and State to use offshore airspace.

We also have to consider the economic impact of over-water flight on the need for added safety equipment not required for aircraft operated over land. Finally, such a solution would require the airplanes to be airborne for additional time which would increase the work load on the air traffic control system. This, in turn, could introduce additional delay and put us right back into the situation which led to the the development of the Expanded East Coast Plan in the first place.

Also, technical requirements to develop and use over-water routes that would serve a complex airport network in the New York terminal area may not be feasible. Providing navigational guidance, satisfying airway planning standards and accommodating various runway configurations due to wind conditions would be greatly complicated and the increased competition for airspace use poses safety as well as capacity considerations.

Finally, we are looking at the East Coast Plan in conjunction with the Port Authority of New York and New Jersey to assess the actual extent of the noise impacts on the ground. As I noted, our preliminary assessment is that these impacts are not inconsistent with residential land use. If this is shown to be correct, we would not change the East Coast Plan, and in the meantime we are not looking at any interim options.

MINIMUM ALTITUDES/ENFORCEMENT

SENATOR LAUTENBERG: There's concern that part of the problem is due to planes flying too low, below their prescribed altitudes. The FAA establishes minimum altitudes for routes, doesn't it?

ANSWER: No, the aircraft are not flying too low. Yes, the FAA establishes minimum altitudes for routes. Parts 91, 95, and 97 of the Federal Aviation Regulations prescribe the rules for minimum altitudes applicable to different types of flight operations. These regulations and implementing guidelines are applied, together with data on radio/navigational-aid reception information, in developing minimum altitudes for use by aircraft operating on instrument flight rules and by air traffic controllers in assigning altitudes to aircraft under their control. Minimum altitudes are established by the FAA for instrument flight along federal airways. These altitudes are published regularly in the Federal Register as Part 95 of the Federal Aviation Regulations.

SENATOR LAUTENBERG: The FAA has the responsibility of monitoring and enforcing those requirements, doesn't it?

ANSWER: Yes. The Federal Aviation Act of 1958, as amended, and parts 91, 95 and 97 of the Federal Aviation Regulations, grant the FAA authority and responsibility to monitor and enforce requirements regarding minimum altitudes. The specific guidance provided to air traffic controllers is furnished in Federal Aviation Administration Order 7210.3H.

SENATOR LAUTENBERG: Are you monitoring flights to ensure the minimum altitudes are being attained?

ANSWER: Our responsibility is to ensure aircraft flying under air traffic control conform to air traffic control clearances. These clearances stay above minimum altitudes except in specific and very limited circumstances. We ensure altitudes through on-board equipment that supplies altitude information to the controller and through procedures requiring pilots to report reaching assigned altitudes, leaving an altitude on his or her way to another assigned altitude, or if the pilot cannot conform to a clearance.

SENATOR LAUTENBERG: What's done to a carrier that doesn't meet those requirements?

ANSWER: When a pilot deviation is detected by air traffic control the pilot is notified, if still in communication with the facility and workload permits, and the flight standards field office is notified. Flight standards investigates reported pilot deviations and takes enforcement action, as appropriate. Penalties range from warning letters to a civil penalty or certificate suspension or revocation.

LONG-TERM SOLUTIONS - QUIETER FLEET

SENATOR LAUTENBERG: Adequate air service is essential. We need to try to make it as convenient and efficient as possible. But we can't forget the people on the ground. They're the ones who get hit with the noise. What is DOT doing to encourage carriers to upgrade commercial fleets to Stage 3 planes? Don't you think that the DOT should be active in this area?

ANSWER: The DOT has taken a number of steps to encourage an all-Stage 3 fleet. First, by December 31, 1987, all transport category subsonic turbojets had to meet at least Stage 2 standards or else they were grounded. Since 1977, all newly type certificated transport aircraft have been required to meet Stage 3 standards and today almost every new airplane being built meets those standards. One of the proposals for further action we are considering is a complete ban on the production of any new airplanes that do not meet Stage 3 requirements.

A real issue is the 2200 Stage 2 aircraft currently in the U.S. fleet. Many of these aircraft are relatively new and still have a long economic life left in them. We are investigating policy options with regard to what to do about this issue.

FEDERAL AIRCRAFT NOISE POLICY

SENATOR LAUTENBERG: Recently, there have been conflicting statements from the Department concerning Federal noise policy. Mr. McArtor has proposed Federal preemption of noise regulation. You have come out against it. Who's going to win out?

ANSWER: The American public will win out. Administrator McArtor has not proposed Federal preemption. He has received proposals from an industry task force that is trying to develop a solution to the noise and access problem. One of the industry proposals was for Federal preemption of the airport operator's right to impose aircraft use restrictions in order to reduce noise levels. However, the proposal is not acceptable within the President's guidance on Federalism.

The DOT has under consideration a number of proposals for steps to help reduce aircraft noise and to increase access to the Nation's airports. We will continue to work with local operators to develop noise solutions consistent with Federal statutes and sensitive to system capacity constraints.

COAST GUARD

SENATOR LAUTENBERG: Please update for the record the table on Coast Guard Drug Enforcement Capital Appropriations appearing on page 97-98 of the Fiscal Year 1988 Senate Hearings (S. Hrg 100-354 PT.I).

ANSWER: The information follows.

U.S. COAST GUARD
Drug Enforcement Related Capital Appropriations
FY 1983 - 1988
($000)

	FY 1983	FY 1984		FY 1985	FY 1986		FY 1987		FY 1988	
	DOT 97-369	DOT 98-78	DOD1/ 98-212	DOT 98-4732/	DOT 99-190	DOD 99-190	DOT 99-5913/	DOD 99-591	DOT 101-202	TOTAL
Drug Enforcement Specific Capital Projects:										
110-FT Patrol Boats (WPBs)	6,200	...	54,000	...	...	112,000	35,000	...	...	207,200
Secure Communications	...	...	3,000	...	4,000	...	12,600	...	...	19,600
Voice Privacy Communications	...	...	2,830	...	...	...	...	...	...	2,830
Fast Boats	...	...	...	1,200	...	...	...	...	...	1,200
Aerostat Surveillance Systems 4/	...	...	...	9,300	...	...	...	23,000	...	32,300
Bahamian Docking Facility	...	...	...	...	...	...	5,000	...	...	5,000
HU-25A Air Interdiction Sensors	...	...	...	...	...	...	...	29,700	...	29,700
Subtotal:5/	6,200	...	59,830	10,500	4,000	112,000	52,600	52,700	...	297,830
Multi-Mission Capital Projects with Direct Drug Enforcement Benefit:										
210-FT WMEC MMA	16,000	24,000	10,300	15,050	20,000	5,500	11,300	...	31,500	133,650
205-FT WMEC Safety & Support Upgrade	...	...	7,700	...	...	...	...	...	...	7,700
Older WMEC (ATFs) Repair	5,800	...	...	...	...	...	...	...	...	5,800
378-FT WHEC FRAM	...	23,938	43,200	73,350	40,000	15,750	123,000	...	139,000	458,238
270-FT WMEC Procurement	99,700	14,000	...	54,294	...	...	4,400	...	10,000	182,394
WPB Prototype	...	...	...	...	...	...	...	18,000	...	18,000
HC-130 Acquisitions	...	67,600	72,000	50,500	1,000	54,000	38,000	...	...	283,100
HC-130 Forward Looking Radar (FLAR)	...	2,000	6,100	...	...	44,500	...	9,100	...	61,700
HU-25A Procurement/Sparing	19,200	7,894	...	...	12,000	...	...	...	...	39,094
HU-25A Sensors - AIREYE	...	18,981	...	...	...	...	...	...	...	18,981
HU-25A Sensors - AGTV	...	...	7,200	...	...	...	...	...	...	7,200
HH-65A Helicopter Procurement	137,855	41,390	...	...	23,756	...	5,600	...	...	208,601
MRR Helicopter Replacement	...	...	...	...	...	105,635	...	116,000	...	221,635
Helicopter Restraint System	...	...	16,900	...	...	...	-13,800	...	...	3,100
Standard Terminals for Vessels	...	...	...	1,850	...	...	2,700	...	1,400	5,950
Base Miami Beach Construction	...	...	13,000	...	...	...	...	...	...	13,000

U.S. COAST GUARD
Drug Enforcement Related Capital Appropriations
FY 1983 - 1988
($000)

	FY 1983	FY 1984		FY 1985	FY 1986		FY 1987 1/		FY 1988	
	DOT	DOT	DOD	DOT	DOT	DOD	DOT	DOD	DOT	
	97-369	98-78	98-212	98-473 2/	99-190	99-190	99-591 3/	99-591	101-202	TOTAL
Multi-Mission Capital Projects with Direct Drug Enforcement Benefit: (Cont'd)										
270-FT WMEC Shore Support, Long Beach, CA	...	...	...	...	5,500	...	...	...	...	5,500
270-FT WMEC Shore Support, New Bedford, MA	...	...	...	...	480	...	...	...	...	480
270-FT Shore Support, Boston, MA	...	...	...	2,860	...	...	...	...	...	2,860
270-FT COMDAC Support Facility	...	2,200	...	...	...	...	...	...	...	2,200
AIREYE Support, Miami, FL	...	...	...	...	246	...	...	...	...	246
COMSTA Miami Expansion	...	...	...	...	423	...	...	...	...	423
Subtotal:	278,555	202,003	176,400	197,904	103,405	225,385	171,200	143,100	181,900	1,679,852
TOTAL:	284,755	202,003	236,230	208,404	107,405	337,385	223,800	195,800	181,900	1,977,682

1/ DOT columns represent the Coast Guard's Acquisition, Construction, and Improvements Appropriation. DOD columns are as follows: FY 1984 - Acquisition, Construction, and Improvements, CG; FY 1986 and FY 1987 Coastal Defense Augmentation.

2/ FY 1985 includes Supplemental funding from PL 99-88 as follows: $17.2M for HC-130s, $1.2M for Fast Boats and $9.3M for Aerostats.

3/ Includes $89M from the Omnibus Drug Supplemental.

4/ In addition, $12 milllion was reprogrammed to the Aerostat in FY 1985.

5/ In addition, $4 million was reprogrammed in FY 1984 for Southeast U.S. drug law enforcement shore support.

SENATOR LAUTENBERG: Also, please provide for the record an updated version of the Coast Guard AC&I table appearing on page 100-103 of the Fiscal Year 1988 Senate Hearings (S. Hrg. 100-354 PT.I).

ANSWER: The information follows.

DEPARTMENT OF TRANSPORTATION
COAST GUARD
ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS
($000)

	FY 1988 PLAN	FY 1989 REQUEST
I. **VESSELS:**		
A. ACQUIRE VESSELS AND EQUIPMENT:		
1. 270-FOOT MEDIUM ENDURANCE CUTTER (WMEC) PROCUREMENT.....	10,000	13,300
2. ACQUISITION OF REPLACEMENT MOTOR LIFEBOAT (MLB) CAPABILITY..	1,500	500
3. BUOY TENDER (WLB/WLM) CAPABILITY REPLACEMENT............	...	3,300
4. SURVEY AND DESIGN BOATS AND CUTTERS.....................	900	900
5. CONSTRUCTION OF ATON BARGES - NINTH DISTRICT...........	...	6,500
6. WHEC PLOTTING TABLE REPLACEMENT........................	...	1,600
7. REPLACEMENT POLAR ICEBREAKER ACQUISITION................	2,000	1,000
B. REPAIR, RENOVATE OR IMPROVE EXISTING VESSELS AND SMALL BOATS:		
1. 378-FOOT HIGH ENDURANCE CUTTER (WHEC) FLEET RENOVATION AND MODERNIZATION (FRAM)..............................	139,000	79,000
2. 210-FOOT MEDIUM ENDURANCE CUTTER (WMEC) MAJOR MAINTENANCE AVAILABILITY (MMA).........................	31,500	40,100
3. 378-FOOT HIGH ENDURANCE CUTTER (WHEC) WEAPONS SYSTEM MODERNIZATION - PHASE I..............................	...	3,100
SUBTOTAL VESSELS......................................	184,900	149,300
II. **AIRCRAFT:**		
A. ACQUIRE NEW AIRCRAFT AND INCREASE AVIATION CAPABILITY:		
1. HH-60 MEDIUM RANGE RECOVERY (MRR) HELICOPTER ACQUISITION - PHASE III...............................	...	93,300
2. HH-65A HELICOPTER ENGINE AVAILABILITY IMPROVEMENT.......	...	8,300
SUBTOTAL AIRCRAFT.....................................	...	101,600

DEPARTMENT OF TRANSPORTATION
COAST GUARD
ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS
($000)

	FY 1988 PLAN	FY 1989 REQUEST
III. COMMAND, CONTROL AND COMMUNICATIONS AND RELATED SYSTEMS		
1. HC-130 FORWARD LOOKING AIRBORNE RADAR (FLAR) - PH VI....	...	13,500
2. REPLACE AIRCRAFT REPAIR AND SUPPLY CENTER (AR&SC) COMPUTER SYSTEM....................................	...	5,700
3. MARITIME DEFENSE ZONE (MDZ) C3I........................	...	1,600
4. DISTRIBUTED COMPUTING SYSTEM (DCS).....................	1,400	...
5. SURVEY AND DESIGN - C3.................................	500	...
SUBTOTAL COMMAND, CONTROL, AND COMMUNICATIONS AND RELATED SYSTEMS......................................	1,900	20,800
IV. SHORE FACILITIES AND AIDS TO NAVIGATION FACILITIES:		
A. GENERAL:		
1. MINOR AC&I SHORE CONSTRUCTION PROJECTS..................	5,500	6,300
2. UNDERGROUND STORAGE TANK (UST) CLEANUP PROGRAM..........	3,200	4,000
3. SURVEY AND DESIGN -SHORE...............................	2,800	3,500
4. ACQUISITION SUPPORT SERVICES...........................	800	1,800
B. SHORE - AIR STATIONS:		
1. SAVANNAH, GA - AIR STATION HANGAR CONSTRUCTION..........	...	3,900
2. SOUTHEAST U.S. AIR INTERDICTION SHORE FACILITIES........	...	2,600
C. SHORE - SUPPLY CENTERS/SUPPORT CENTERS/YARD:		
1. ELIZABETH CITY, NC - SUPPORT CENTER GROUNDWATER PURGING.	1,800	...
2. ALAMEDA, CA - SUPPORT CENTER CLINIC REPLACEMENT.........	3,000	...

DEPARTMENT OF TRANSPORTATION
COAST GUARD
ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS
($000)

	FY 1988 PLAN	FY 1989 REQUEST
D. SHORE - TRAINING FACILITIES:		
1. PETALUMA, CA - TRAINING CENTER - UNACCOMPANIED PERSONNEL HOUSING (UPH) AND DINING FACILITY	11,800	...
2. PETALUMA, CA - TRAINING CENTER CLINIC ADDITION	...	3,200
3. YORKTOWN, VA - RESERVE TRAINING CENTER - CONSTRUCT ADMINISTRATION BUILDING	...	2,700
E. SHORE - PERSONNEL SUPPORT FACILITIES:		
1. PUBLIC FAMILY QUARTERS	10,400	4,400
2. TOLEDO, OH - CONSTRUCT STATION BARRACKS AND DINING FACILITY	...	1,000
3. MONTAUK, NY - CONSTRUCT STATION BARRACKS AND DINING FACILITY	1,200	...
F. SHORE - GROUPS/BASES/STATIONS/MSOS:		
1. CORTEZ, FL - STATION MAIN BUILDING REPLACEMENT	...	2,200
2. PANAMA CITY, FL - REBUILD STATION	...	2,400
3. SOUTH PORTLAND, ME - IMPROVE BASE MOORINGS	...	8,600
4. KODIAK, AK - COMMSTA FIRE RESTORATION	...	3,700
5. YANKEETOWN, FL - CONSTRUCT PERMANENT STATION	1,300	...
6. ST. CLAIR SHORES, MI - BUILD NEW STATION	2,400	...
G. AIDS TO NAVIGATION FACILITIES:		
1. WATERWAYS AIDS TO NAVIGATION PROJECTS	2,000	3,000
2. LIGHTHOUSE AUTOMATION AND MODERNIZATION PROJECT (LAMP)	1,100	...
SUBTOTAL SHORE FACILITIES AND AIDS TO NAVIGATION FACILITIES	47,300	53,300

DEPARTMENT OF TRANSPORTATION
COAST GUARD
ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS
($000)

	FY 1988 PLAN	FY 1989 REQUEST
V. PERSONNEL AND RELATED COSTS	23,000	23,000
SUMMARY AC&I:		
I. SUBTOTAL VESSELS	184,900	149,300
II. SUBTOTAL AIRCRAFT	...	101,600
III. SUBTOTAL COMMAND, CONTROL, AND COMMUNICATIONS AND RELATED SYSTEMS	1,900	20,800
IV. SUBTOTAL SHORE FACILITIES AND AIDS TO NAVIGATION FACILITIES	47,300	53,300
V. PERSONNEL AND RELATED COSTS	23,000	23,000
TOTAL AC&I COAST GUARD APPROPRIATION	257,100 1/	348,000

1/ $10,100 derived from delayed or cancelled projects has been applied to the FY 1988 program as directed in the FY 1988 DOT Appropriations Bill Conference Report No. 100-498.

COAST GUARD: DRUG INTERDICTION

SENATOR LAUTENBERG: The FY 1988 Continuing Resolution contains language earmarking a minimum of $429 million specifically for drug interdiction activities. Does the Coast Guard intend to comply with this provision of the law?

ANSWER: Yes, certainly.

SENATOR LAUTENBERG: Did the Coast Guard clear its press releases on this matter with you?

ANSWER: Yes. Extensive consultations were held prior to the release of any information regarding these program reductions.

COAST GUARD: INSTALLATION CLOSURES

SENATOR LAUTENBERG: Your FY 1989 budget for the Coast Guard assumes operational reductions or closures of a number of shore facilities and the decommissioning of several vessels. The Subcommittee has requested a detailed justification for each of the facilities selected by the Department for reduction and/or closure.

So far, we have not received the detail on these proposals that is necessary. I therefore ask that you submit for the record the following information: A description in detail of the criteria that were used in deciding which facilities to close or reduce.

ANSWER: The following criteria were used in selecting unit cuts in FY 1988:

To first reduce administrative overhead costs wherever possible.

To maintain emphasis on priority missions - law enforcement, military readiness, search and rescue.

To maintain a balance among Coast Guard programs - no single program was eliminated.

To maintain a regional balance - all regions of the U.S. were affected. Adjacent units to those cut will assume the workload.

New mission commitments were considered - they were least affected to maintain start-up momentum.

Units that were cut have been historically less productive. They have shown up as candidates for reduction or closure, year after year, when facing budget cuts. A number of them warrant closure without regard to the budget situation.

SENATOR LAUTENBERG: A list of alternatives that were considered and a detailed statement of the reasons for the selections made.

ANSWER: All Coast Guard units were reviewed. The units that were closed or reduced were selected based on the criteria described in the answer to the previous question.

SENATOR LAUTENBERG: Additionally, would you submit detailed description of the alternative measures that would be taken if the facilities proposed for reductions or closure are kept at current levels of operation?

ANSWER: A detailed description of the alternatives to the closures or reductions taken in FY 1988 has not been made. As described in the previous question, all Coast Guard units were reviewed for possible closure or reduction. If we do not reduce or close the units on the list we would have to substitute other units that are more productive (and more painful to close) to make up the difference.

SENATOR LAUTENBERG: Would you also provide full explanation of service levels and coverage that will remain if these facilities are reduced or closed?

ANSWER: The following materials provide a full explanation of the service levels and coverage that will remain once facilities are reduced or closed.

DIVING RECOMPRESSION CHAMBERS - DO NOT PURCHASE

- o Obviously, diving with a chamber present decreases the risk involved with deep sea diving operations. However, CG has yet to experience fatal or serious accidents which could have been prevented with a chamber present.

IMPACT:

- o Coast Guard pursued recompression chamber program to come into line with Navy procedures. Navy divers do not dive without chamber present.
- o Even if FY 1988 funds were available, unlikely they could be used in FY 1988 to contract for new chambers from another vendor. Previous vendor unable to produce satisfactory prototype.
- o Minimal impact.

ADP SECURITY - DO NOT UPDATE

RATIONALE:

- o Simply cannot afford to do this with the funding cuts imposed on us (especially considering other cuts - SAR stations, Marine Safety Offices, and other closures CG forced to make).

IMPACT:

- o Prevents CG from performing periodic risk assessments, sensitive application certifications, and establishing a security awareness training program.
- o Capability for automated processing of classified information will be delayed.

CG INSTITUTE - CLOSE

RATIONALE:

- o This action is part of a long-term study and will result in benefits to the Coast Guard.

IMPACT:

- o Correspondence course administration and development will be co-located at associated resident training centers.

CG YARD - CLOSE

RATIONALE:

o CG Yard is in need of upgrade and modernization. It is not cost effective to continue to operate the Industrial Facility when compared to available commerical sources.

IMPACT:

o Coast Guard will require an increased level of private sector ship repair and vessel construction services.

HQ STAFFING - REDUCE

RATIONALE:

o The realignment of field support functions will allow economies to be derived through reduction of HQ Staff.

IMPACT:

o Decline in overall support of the Coast Guard

o Reduced responsiveness to field inquiries.

HQ UNIT STAFFING - REDUCE

RATIONALE:

o Reduction in the number of operating units allows reduction in administrative and logistics support.

IMPACT:

o Reduction of administrative and logistics support to Coast Guard units.

o Units affected: Brooklyn Supply Center, Brooklyn, NY; Electronics Center (EECEN), Wildwood, NJ; Station Alexandria and OMEGA Systems Command, Alexandria, VA; Training Center Governors Island, New York, NY, Cape May, NJ, and Petaluma, CA; Aviation Training Center, Mobile, AL; Aviation Technical Training Center, Elizabeth City, NC; Reserve Training Center, Yorktown, VA; Coast Guard Academy, New London, CT; Pay and Personnel Center, Topeka, KS; Coast Guard Recruiting Stations; Activities Europe, London, England; Resident Inspectors Office, Bath, ME and Tacoma, WA.

THREE REGIONAL BOATING STANDARDS UNITS (RBSU) AT MIAMI, ST. LOUIS AND LONG BEACH - CLOSE

RATIONALE:

o Able to accomplish basic program intent with other resources

IMPACT:

o Will decentralize the field inspection of recreational boat manufacturers.

- Reduce the level of expertise for personnel conducting these inspections and increase the workload on local OCMIs.

- May cause inspection delays, and the number of inspections conducted may decrease.

VTS NEW YORK, NY - DECOMMISSION

RATIONALE:

- Voluntary system that is not required by statute

IMPACT:

- Voluntary system for traffic in New York Harbor, Newark Bay, Kill Van Kull and East River

- Participation 79%.

- Established in response to ferry collision with container ship in 81.

- Four billets remain for anchorage surveillance.

VTS NEW ORLEANS, LA - DECOMMISSION

RATIONALE:

- Voluntary system that is not required by statute.

IMPACT:

- Old voluntary system with limited (3-mile TV) coverage and low user confidence (participation under 50%).

- Will save funds planned for upgrade, $6.5M and avoid another $10M upgrade funds needed. Will cancel plans to transfer to NOLA Board of Trade.

- Will transfer 2 people to CCGD8 M staff to run the lower Mississippi River traffic lights

VTS VALDEZ, AK - REDUCE

RATIONALE:

- Able to reduce because all vessel transits itineraries are known. Will provide full manning when required.

IMPACT:

- Reduction of support personnel and watchstanding levels (eliminate 2-man watch).

- Vessel transits are scheduled in advance ... still plan to have full manning during these periods.

CLOSE SELECTED MARINE SAFETY OFFICES

General: All MSDs are subunits of MSOs.

- reductions in support taken over reduction in operating units.

- o field personnel reductions amount to 1% of the total of marine safety personnel stationed in the field.
- o closures will not eliminate a service but will increase pollution response times and reduce inspection frequencies in some areas.

Typical MSD duties include:

o Response to oil and chemical reports

o Inspections of Barge and ship (coastal) safety and pollution prevention equipment

o Inspections of oil transfer facilities

o Monitoring oil and hazardous material transfers to and from vessels.

PSD ALBANY, NEW YORK - CLOSE

RATIONALE:

- o To reduce overhead and administrative costs, and thereby achieving savings by cutting fewer people overall; workload to be assumed by local Marine Safety Office.

IMPACT:

- o Work transfered to COTP New York, 150 miles away.
- o Leaves no CG presence in the area.
- o Unable to quickly respond to pollution incidents on the upper Hudson River.
- o Closest CG unit is CG ANT Saugerties(5 people), 50 miles so.

MSD MOREHEAD CITY, NC - CLOSE

RATIONALE:

- o To reduce overhead and administrative costs, and thereby achieving savings by cutting fewer people overall; workload to be assumed by local Marine Safety Office.

IMPACT:

- o Work to be done by MSO Wilmington, 80 miles away.
- o Delays in scheduling inspections, pollution response times increase.
- o Some help with pollution response may be available from Station Swansboro, located in Morehead City.

MSD EVANSVILLE, IN - CLOSE

RATIONALE:

- o To reduce overhead and administrative costs, and thereby achieving savings by cutting fewer people overall; workload to be assumed by local Marine Safety Office.

IMPACT:

- Work to be done by MSO Louisville, 100 miles away.
- Response time to pollution incidents is likely to increase significantly.
- Frequency of port safety vessel boardings and facility inspections is likely to decrease.
- MSD is the only CG unit in the area.
- Nearest CG unit is CGC CHIPPEWA(75 ft river tender) in Owensboro, KY, 35 miles away.

MSD DECATUR, AL - CLOSE

RATIONALE:

- To reduce overhead and administrative costs, and thereby achieving savings by cutting fewer people overall; workload to be assumed by local Marine Safety Office.

IMPACT:

- Workload will be covered by MSD Nashville, 110 miles away or MSO Paducah KY, over 200 miles away.
- These units will only be able to respond to large pollution incidents and the response time will be longer.
- MSD is the only CG unit in the area.
- CGC OUACHITA (65 ft river tender) in E. Chattanooga, TN, 120 miles away can also respond.

MSD PEORIA, IL - CLOSE

RATIONALE:

- To reduce overhead and administrative costs, and thereby achieving savings by cutting fewer people overall; workload to be assumed by local Marine Safety Office.

IMPACT:

- Work to be done by MSD Davenport and MSO St. Louis, 80 miles away.
- Response time to pollution incidents will increase.
- The frequency of port safety vessel boardings and facility inspections is likely to decrease.
- MSD is the only CG unit in the immediate area.

MSD MARIETTA, OH - CLOSE

RATIONALE:

- To reduce overhead and administrative costs, and thereby achieving savings by cutting fewer people overall; workload to be assumed by local Marine Safety Office.

IMPACT:

- o Work to be done by MSO Huntington, 80 miles away.
- o Response time to pollution incidents will increase.
- o Frequency of port safety vessel boardings and facility inspections is likely to decrease.
- o MSD is the only CG unit in the immediate area.

MSD ANACORTES, WA - CLOSE

RATIONALE:

- o To reduce overhead and administrative costs, and thereby achieving savings by cutting fewer people overall; workload to be assumed by local Marine Safety Office.

IMPACT:

- o Port safety inspections, vessel boardings and pollution response will have to be conducted from MSO Seattle, 90 miles away.
- o May result in fewer inspections/boardings.
- o Some pollution response may be available from Station Bellingham, 25 miles north.
- o Remaining billet will be moved to MSO Puget Sound

MSD BROWNSVILLE, TX - CLOSE

RATIONALE:

- o To reduce overhead and administrative costs, and thereby achieving savings by cutting fewer people overall; workload to be assumed by local Marine Safety Office.

IMPACT:

- o Personnel will have to travel 130 miles from Corpus Christi to cover workload; some functions will be reduced.
- o Port safety and pollution response most likely to suffer.
- o Some assistance with pollution response may be available from Station Port Isabel, 25 miles northeast.

MSD BUCKSPORT, ME - CLOSE

RATIONALE:

- o To reduce overhead and administrative costs, and thereby achieving savings by cutting fewer people overall; workload to be assumed by local Marine Safety Office.

IMPACT:

- o Periodic travel will be required from MSO Portland, 80 miles away.

- Port safety vessel boardings and facility inspections are likely to be reduced.

- Some inspection activity will be done by inspector to be assigned to detached duty from MSO Portland.

- MSD is the only CG unit in the immediate area.

- Nearest CG unit is Station Rockland, 40 miles away.

MSD CAPE COD, MA - CLOSE

RATIONALE:

- To reduce overhead and administrative costs, and thereby achieving savings by cutting fewer people overall; workload to be assumed by local Marine Safety Office.

IMPACT:

- Work transferrred to MSO Providence, RI.

- Some marine inspection activities will be done by inspector remaining on detached duty from MSO Providence.

- Group Woods Hole units can provide some temporary assistance in the event of pollution incidents.

PSD NEW LONDON, CT - CLOSE

RATIONALE:

- To reduce overhead and administrative costs, and thereby achieving savings by cutting fewer people overall; workload to be assumed by local Marine Safety Office.

IMPACT:

- Work to be done by COTP Long Island Sound, 60 miles away in New Haven.

- Primary impact on port safety and pollution response activities.

- Personnel from Station New London can provide temporary assistance for pollution incidents.

- Readiness capabilities of Station New London area will be reduced. Fewer resources for safety zones at Submarine Base and Electric Boat Company.

MID NEW LONDON, CT - CLOSE

RATIONALE:

- To reduce overhead and administrative costs, and thereby achieving savings by cutting fewer people overall; workload to be assumed by local Marine Inspection Office.

IMPACT:

- o Maintaining one inspector on detached duty in the New London area will mitigate some of the impact from closing this unit.
- o Some travel from MIO New York, 120 miles away will still be necessary.

MSD KEY WEST, FL - CLOSE

RATIONALE:

- o To reduce overhead and administrative costs, and thereby achieving savings by cutting fewer people overall; workload to be assumed by local Marine Safety Office.

IMPACT:

- o Minimal impact since an inspector will remain in Key West on detached duty.
- o Number of inspections justify his presence in the area.
- o Also available to respond to pollution incidents.
- o Port safety work will be covered by MSO Miami, 150 miles away.

MSD PORT PONCE, PR - CLOSE

RATIONALE:

- o To reduce overhead and administrative costs, and thereby achieving savings by cutting fewer people overall; workload to be assumed by local Marine Safety Office.

IMPACT:

- o Workload shifts to MSO San Juan.
- o Response time to pollution incidents will increase.
- o Boat will not be available to perform SAR missions.
- o Frequency of port safety vessel boardings and facility inspections will decrease.
- o Nearest CG unit is Base San Juan, 60 miles away.

MSO PADUCAH, KY - REDUCE STAFF

RATIONALE:

- o Due to the large geographic areas and the many river systems that must be covered, it was necessary to keep some isolated units open and achieve reductions by decreasing the staffs at other units - such as this one.

IMPACT:

- o The greatest impact will be felt in port safety activities that are delayed or go undone.

MSO ST. LOUIS, MO - REDUCE STAFF

RATIONALE:

- Due to the large geographic areas and the many river systems that must be covered, it was necessary to keep some isolated units open and achieve reductions by decreasing the staffs at other units - such as this one.

IMPACT:

- Reduces port safety activities.

MSO PITTSBURGH, PA - REDUCE STAFF

RATIONALE:

- Due to the large geographic areas and the many river systems that must be covered, it was necessary to keep some isolated units open and achieve reductions by decreasing the staffs at other units - such as this one.

IMPACT:

- Impacts port safety activities and ability to respond to large scale pollution incidents.

MSO MEMPHIS, TN - REDUCE STAFF

RATIONALE:

- Due to the large geographic areas and the many river systems that must be covered, it was necessary to keep some isolated units open and achieve reductions by decreasing the staffs at other units - such as this one.

IMPACT:

- Impact will be on port safety boardings and facility inspections which will be delayed or reduced.

MSD GREENVILLE, MS - REDUCE STAFF

RATIONALE:

- Due to the large geographic areas and the many river systems that must be covered, it was necessary to keep some isolated units open and achieve reductions by decreasing the staffs at some units.

IMPACT:

- Minor impact on activities in that area due to recent reductions in inspection workload.
- Some port Safety work may be delayed.

MSD NASHVILLE, TN - REDUCE STAFF

RATIONALE:

- o Due to the large geographic areas and the many river systems that must be covered, it was necessary to keep some isolated units open and achieve reductions by decreasing the staffs at some units.

IMPACT:

- o Some delay in port safety work. D2 still recovering from local unit reorganization.

MSD CINCINNATI, OH - REDUCE STAFF

RATIONALE:

- o Due to the large geographic areas and the many river systems that must be covered, it was necessary to keep some isolated units open and achieve reductions by decreasing the staffs at some units.

IMPACT:

- o Minimal impact on current operations since position is currently vacant.

ADMINISTRATIVE LAW JUDGE - REDUCE

IMPACT:

- o Likely to have minimal impact on current operations since these billets are currently vacant.
- o Long term effects unknown; but reduces flexibility in hiring if workload should again increase.
- o Two in New York, two in San Francisco

STATION SHARK RIVER, NJ - CLOSE

NEAREST UNITS: STA MANASQUAN INLET (8 NM)
STA SANDY HOOK (20 NM)
[CGAS BROOKLYN 20 MINUTES BY AIR

AVERAGE RESPONSE TIMES (based on actual historic data)

Before Closure = 31 minutes

After Closure = 45 minutes

RATIONALE:

- o Moderate caseload unit...but low severity (80% non-emergency)...STA MANASQUAN INLET VERY close ... intend to increase readiness at MANASQUAN INLET to compensate for possible workload increase...estimated average response time after closure (45 min) under standard of 2 hrs.

IMPACT:

- o Negligible...minor increase in response time.
- o 9 of 19 personnel shift to Sta Manasquan Inlet.
- o FY 1982-86 average caseload = 269 cases 17 lives saved, $635K property losses prevented...caseload shifts to adjacent units.

STATION EASTPORT, ME - CLOSE

NEAREST UNIT: STA JONESPORT (60 NM)

AVERAGE RESPONSE TIMES (based on actual historic data)

Before Closure = 46 minutes

After Closure = 85 minutes

RATIONALE:

- o Need for servces low...caseload predominately routine...began as sub-unit of Jonesport (also low workload unit...6th lowest regular SAR station in FY 1986)...previously recommended for closure by IG...average response time standard (2 hrs) can still be met (Sta Jonesport, WPB's, etc.) by remaining elements SAR system after closure.

IMPACT:

- o FY 1982-86 average caseload = 21 cases, NO LIVES SAVED, $238K property losses prevented...workload shifts to Station Jonesport, Jonesport WPB.

STATION BLOCK ISLAND, RI - CLOSE (MOTHBALL)

NEAREST UNITS: STA POINT JUDITH (12 NM)
STA MONTAUK (12 NM)
[CGAS CAPE COD 30 minutes away by air]

AVERAGE RESPONSE TIMES (based on actual historic data)

Before Closure = 35 minutes

After Closure = 40 minutes

RATIONALE:

- o Two stations only 12nm away can (easily) absorb workload...average response time after closure still only 40 minutes (vice 2 hour standard)...caseload moderate..but seasonal...location remote...already operated as reserve augmented unit.

IMPACT:

- o FY 1982-86 average caseload = 209 cases, 18 lives saved, $1,911K property losses prevented...caseload will shift to Station Point Judith, Station Montauk, associated WPB's.

STATION ASHTABULA, OH - CLOSE

NEAREST UNITS: STA ERIE (40 NM)
STA FAIRPORT (30 NM)
[CGAS DETROIT (HH-52) 90 MINUTES BY AIR]
51 minutes when HH-65 implemented
in spring 1989)

AVERAGE RESPONSE TIMES (based on actual historic data)

Before Closure = 54 minutes

After Closure = 75 minutes

RATIONALE:

o Low caseload unit...FY 1987 activity "spiked" to 174 cases...but growth exclusively in routine work (92% of workload)...credit for lives saved actually dropped to 5 in FY 1987 despite caseload jump...response time post-closure still 37% below 2 hour standard...Stations adjacent can absorb workload...will adjust boat inventory at Erie to compensate.

IMPACT:

o FY 1982-86 average = 96 cases, 14 lives saved, $272K property losses prevented...caseload shifts to adjacent stations.

STATION NORTH SUPERIOR, MI - CLOSE

NEAREST UNIT: STA DULUTH (110 NM)

AVERAGE RESPONSE TIMES (based on actual historic data)

Before Closure = 49 minutes

After Closure = 145 minutes (air)

RATIONALE:

o Lowest caseload regular unit in entire Coast Guard for FY 1986...FY 1982-86 average caseload = 9 cases, less than 1 life saved, $15.6K property losses prevented.

IMPACT:

o Virtually none.

STATION BAYFIELD, WI - SEASONALIZE

NEAREST UNITS: STA DULUTH (110 NM)
STA PORTAGE (65 NM)

AVERAGE RESPONSE TIMES (based on actual historic data)

Before/After Closure = Not applicable - no statistically significant database for winter caseload

RATIONALE:

o Low caseload unit (3rd lowest regular SAR station entire CG FY 1986)...geography suggests seasonalization, vice closure...previously recommended for seasonalization by

IG...permanent party personnel will stage from STA Duluth...summer ops unaffected...winter caseload statistically insignificant...no measurable impact on public service.

IMPACT:

- o Unit response in winter will cease.
- o FY 1982 - 86 average caseload = 29 cases, 1 life saved, $111K property losses prevented.

STATION ALEXANDRIA BAY, NY - SEASONALIZE

NEAREST UNIT: STA OSWEGO (90 NM)

AVERAGE RESPONSE TIMES (based on actual historic data)

Before/After Closure = Not applicable - no statistically significant database for winter caseload

RATIONALE:

- o River unit...caseload highly seasonal predominately of low severity...78% cases routine...STA OSWEGO will provide winter coverage...but caseload not significant...ex: only 4 non-routine cases last 3 winters...of 11 cases total same period.

IMPACT:

- o Increased risk to public during winter.
- o FY 1982 - 86 caseload = 107 cases, 12 lives saved, $218K property losses prevented.

STATION FRANKFORT, MI - REDUCE STAFFING

NEAREST UNITS: STA MANISTEE (SEASONAL RESERVE) (18 NM)
STA LUDINGTON (43 NM)
STA CHARLEVOIX (95 NM)
[CGAS TRAVERSE CITY (HH-3) 15 MINUTES FLYING TIME]

AVERAGE RESPONSE TIMES (based on actual historic data)

Before/After Closure = Not applicable - no statistically significant database for winter caseload

RATIONALE:

- o Low caseload unit...FY 82-86 average = 82 annually...88% routine...STA will convert to Reserve Augmented... workload seasonal...SUMMER OPS NOT AFFECTED...winter ops will be conducted on boatcrew recall basis...winter caseload insignificant...only 2 moderate and zero severe cases last 3 years (of 6 total winter cases)...CGAS Traverse City only 15 minutes flying time away.

IMPACT:

- o No impact in summer.
- o No winter response capability.

COQUILLE RIVER PATROL, OR - DISCONTINUE

NEAREST UNITS: STA CHETCO RIVER (80 NM)
STA COOS BAY (12 NM)
[CGAS NORTH BEND 10 MINUTES AWAY BY AIR - when HH-65 implements summer 1988]

AVERAGE RESPONSE TIMES (based on actual historic data)

Before Closure = 15 minutes

After Closure = 30 minutes (air)
75 minutes (boat)

RATIONALE:

- o Low tempo of ops...CCGD13 previously announced his intention to reduce to dispatch patrol on an "as needed" basis, vice continual seasonal ops...FY 1983-87 caseload - 9 cases, no lives saved...CGAS North Bend 10 minutes away by HH-65.

IMPACT:

- o None...service at/near current levels will be provided from adjacent units.

ROGUE RIVER PATROL, OR - DISCONTINUE

NEAREST UNITS: STA CHETCO RIVER (25 NM)
STA COOS BAY (70 NM)
[CGAS HUMBOLDT BAY 45 MINUTES BY AIR - when HH-65 implemented spring 1988]
[CGAS NORTH BEND (HH-52) 50 MINUTES BY AIR - 30 minutes when HH-65 implemented summer 1988]

AVERAGE RESPONSE TIMES (based on actual historic data)

Before Closure = 15 minutes

After Closure = 45 minutes (air)
120 minutes (boat)

RATIONALE:

- o Low tempo of ops...dominated by low severity cases...FY 1983-87 caseload = 26 cases, no lives saved...existing SAR system assets can cover caseload...CGAS Humboldt Bay, CGAS North Bend are 45, 50 minutes (respectively) away by air.

IMPACT:

- o Loss of immediate boat response during summer months.

STATION LAKE TAHOE, CA - CLOSE

NEAREST UNITS: N/A - inland lake

AVERAGE RESPONSE TIMES (based on actual historic data)

Before Closure = 27 minutes

After Closure = Not applicable - closed inland lake

RATIONALE:

- Closed lake...only rational for CG presence: it is on a state line...other local SAR resources exist...recommended for closure by DOT IG citing presence of alternative, non-federal response resources...among local resources available, CG Auxiliary...will attempt to utilize via establishment of Auxiliary operated station...weekends only, Memorial day through Labor day.

IMPACT:

- Shift of responsibility to local resources.
- No response winter and weekdays in summer.
- FY 1982 - 86 caseload = 224 cases, 7 lives saved, $577K property losses prevented.

STATION KENNEWICK, WA - CLOSE

NEAREST UNITS: N/A - inland station

AVERAGE RESPONSE TIMES (based on actual historic data)

Before Closure = 37 minutes

After Closure = Not applicable - closed inland waterway

RATIONALE:

- Sta well inland (where Snake/Columbia Rivers meet)...originally ATON service unit, but presence generated SAR demand..SAR highly seasonal...90% of all cases classified as non-emergency...local SAR resources (sheriff, etc.) exists and can absorb caseload.

IMPACT:

- FY 1982 - 86 average caseload = 104 cases, 3 lives saved, $185K property losses prevented...shifts to local resources for prosecution.

KLAMATH RIVER PATROL, CA - DISCONTINUE

NEAREST UNITS: STA CHETCO RIVER (45 NM)
STA HUMBOLDT BAY (35 NM)
[CGAS HUMBOLDT BAY 17 MINUTES BY AIR - when HH-65 implemented in spring 1988]

AVERAGE RESPONSE TIMES (based on actual historic data)

Before Closure = 20 minutes

After Closure = 17 minutes (air)
180 minutes (boat)

RATIONALE:

- Low tempo of ops...mostly low severity cases generated by CG presence...FY 1987 caseload = 52 cases, NO LIVES SAVED, $99K property losses prevented...existing SAR system can absorb loss without measurable impact...CGAS Humboldt Bay 17 minutes away by air.

IMPACT:

- Loss of immediate boat response summer months.

STATION KAUAI, HI - CLOSE

NEAREST UNITS: BASE HONOLULU (110 NM)
[CGAS BARBERS POINT 45 MINUTES BY AIR]

AVERAGE RESPONSE TIMES (based on actual historic data)

Before Closure = caseload insufficient to establish database

After Closure = 45 minutes (air)

RATIONALE:

- Low caseload unit (FY 1982 - 86 average caseload = 42 cases, 7 lives saved, $1.5M property losses prevented)...only CG presence on island...minimal impact...CGAS Barbers Point 45 minutes by air.

IMPACT:

- Interim loss of on-island SAR capability.

STATION MARE ISLAND, CA - CLOSE

NEAREST UNITS: BASE SAN FRANCISCO (20 NM)
STA RIO VISTA (35 NM)
[CGAS SAN FRANCISCO 15 MINUTES AWAY BY AIR]

AVERAGE RESPONSE TIMES (based on actual historic data)

Before Closure = 72 minutes - existing database is flawed

After Closure = 15 minutes (air)

50 minutes (boat)

RATIONALE:

- Inland water OPAREA...coverage by local SAR resources (sheriff,etc.) exist...moderate caseload, but large proportion low severity cases...90% classified as non-emergency (and 41% of those are false alarms)...plan to augment Base San Francisco with personnel to assist with workload increase...expected average response time after closure = 50 minutes (boat), 15 minutes (air) (from CGAS San Francisco)...well within standard (2 hrs).

IMPACT:

- Loss of immediate boat response vicinity station.
- FY 1982 - 86 average cases = 376 cases, 19 lives saved, $819K property losses prevented...shifts to Base San Francisco, Station Rio Vista.

CGC WESTWIND - DECOMMISSION

RATIONALE:

- Westwind is now 44 years old and has not been operational since 1984. As one of the two remaining Wind-Class icebreakers, Westwind is obsolescent and largely inadequate for many polar missions. Maintenance and reliability are major concerns. A significant amount of money and effort have been spent to return Westwind to Service. Even so, the outlook for reliable operations is poor. Facing a budget shortfall, it is uneconomic to continue attempts at operating Westwind.

IMPACT:

- Without Westwind the Coast Guard will have to prioritize U.S. Polar icebreaking needs. Our remaining two icebreakers...Polar Sea and Polar Star...will continue to perform critical missions at McMurdo Sound, Antarctica and in Greenland. Overall, reduced U.S. presence and reduced research capabilities in polar regions will result.

CGC NORTHWIND - DECOMMISSION

RATIONALE:

- Northwind is now 43 years old and has become increasingly unreliable and expensive to maintain. Northwind is also absolescent and largely inadequate for many polar missions. Now we simply cannot afford to spend more maintenance money on a ship which has well exceeded its economic service life.

IMPACT:

- Without Northwind the Coast Guard will have to prioritize U.S. Polar icebreaking needs. Our remaining two icebreakers...Polar Sea and Polar Star...will continue to perform critical missions at McMurdo Sound, Antarctica and Greenland. Overall, reduced U.S. presence and reduced research capabilities in polar regions will result. Northwind will complete assigned eastern arctic missions prior to decommissioning.

POLAR ICE OPERATIONS DIV (AVIATION) - REDUCE

RATIONALE:

o The decommissioning of two polar icebreakers - WESTWIND and NORTHWIND - reduces the need for helicopter detachments that normally deploy aboard icebreakers. The central pool of helicopters and aviation personnel will be reduced proportionally.

IMPACT:

- The need for aviation assets to support the Polar Icebreaking mission will be reduced as CGC Westwind and CGC Northwind are decommissioned.
- Two remaining polar icebreakers will be fully supported with aviation assets.

SAFETY PROGRAM(S)

SENATOR LAUTENBERG: Mr. Secretary, you recently created the "Office of Safety Program Review", which is an outgrowth of the Department's Safety Review Task Force. What are the priorities of this office?

ANSWER: The Office of Safety Program Review will continue the work of the Safety Review Task Force by:

- conducting long and short term in-depth reviews of the Department's safety and security programs;
- reviewing the operating administration's implementation of recommendations made by the Safety Review Task Force and assessing whether additional recommendations are necessary;
- serving as a focal point for directing and coordinating the development and implementation of Secretarial safety initiatives; and
- exercising day to day oversight of the Department's safety programs and providing advice and assistance to the operating administration's safety program managers.

Reviews of the USCG and RSPA's Office of Pipeline Safety are currently underway. The office will also focus it attention in the near term on reviewing the operating Administration's implementation of the Safety Review Task Force's recommendations on domestic aviation security and the Department's safety programs.

SENATOR LAUTENBERG: How will this office ensure a safer transportation system?

ANSWER: The goal of a safer transportation system is the shared responsibility of all members of the transportation industry. The role of the Office of Safety Program Review is to provide objective, independent oversight of Departmental Safety programs.

Just as the Safety Review Task Force, through its recommendations, helped bring about major safety improvements, this office will identify the need for management and program reforms and give them the high level of support to ensure that they are accomplished.

ENSURING A SAFE TRANSPORTATION NETWORK

SENATOR LAUTENBERG: What are you going to do to assure a safe transportation network in the rail area? In the highway area? In the aviation area?

ANSWER: In the railroad area, legislation currently before Congress would significantly strengthen the

Department's ability to deal with critical safety areas. Provisions of both the House and Senate railroad safety bills would authorize FRA to assess penalties against and/or suspend from safety-sensitive duties individuals who violate safety laws. We believe that this legislation is a long overdue measure to assure a safe rail transportation network in the future.

As part of FRA's ongoing National Inspection Plan, a federal force of 325 safety inspectors is located throughout the country to monitor the railroad industry for compliance with FRA regulations. These inspectors are supplemented by 103 state safety inspectors. FRA continues to promote rail-highway crossing safety programs through the Operation Lifesaver program. Thanks in part to this program, rail-highway crossing fatalities have decreased by more than 26 percent since 1980. Late last year, the Department ordered all trains operating in the Northeast Corridor between Washington, D.C. and Boston to be fitted with automatic train control (ATC) devices, which will automatically stop a train if an engineer fails to obey signals ordering the train to slow or stop.

FRA's current regulation on the control of alcohol and drug use in railroad operations became effective on February 10, 1986. It contains a prohibition against the use, possession or being under the influence of alcohol or drugs while on duty. Other regulatory initiatives in progress include automatic train control outside the Northeast Corridor, alcohol and drug regulations (including random testing) and the tightening of various hazardous materials tank car regulation.

In the highway area, our highway safety program is a broad one that includes the roads and bridges that make up the network itself, the vehicles that run on the network and the occupants of those vehicles. The FHWA is continuing our bridge inspection program with a new requirement for certification of bridge inspectors. We are continuing our highway research program that deals not only with better construction methods and materials, but with safer roadside equipment like guard rails, light standards and signs. This year we will complete the review and reissuance of all of the Federal Motor Carrier Safety Regulations (FMCSR). Included are new rules requiring periodic inspection of all trucks, eliminating the commercial zone exemption from safety regulations, and setting up a system of safety fitness reviews of all motor carriers. We have begun the process of ensuring that truck drivers have only one license, classified to indicate that the driver has been tested in the type of truck being driven. We will shortly be setting up a nationwide information system to monitor commercial driver license status. The Motor Carrier Safety Assistance Program (MCSAP) is continuing to grow, with 45 States and 5 Territories participating in 1987. We have shifted the emphasis of our direct Federal Motor Carrier Safety activities to safety and compliance reviews of motor carriers under our jurisdiction. The combined effect of these federal and state efforts will be an improvement in the quality of the professional truck driver and an increase in the number of safe vehicles on the road. We believe that every truck and driver subject to the federal regulations will be affected directly through periodic and roadside inspections or indirectly through the safety fitness process. We will be proposing new rules setting tighter maximum Blood Alcohol Concentration (BAC) levels and penalties for commercial drivers patterned along the recommendations of the National Academy of Sciences.

We are continuing the NHTSA support of state drunk driving programs that have met with considerable success in reducing the proportion of drunk drivers involved in accidents. We will be targeting high-risk groups such as problem drinkers and young drinkers, both of which contribute disproportionately to alcohol-related fatalities. We hope to institute projects to maintain the momentum of the national occupant protection program. We have already held a series of meetings with highway safety and law enforcement personnel to sharpen the focus of the program for the coming year. We will continue support of enforcement activities on speed, safety belt use and drunk and drugged driving. In particular, we intend to expand the Drug Recognition Expert certification program to include additional sites. This program has great promise for improving the identification and conviction of drug-impaired drivers. Finally, NHTSA will be doing research on projects such as public attitudes toward occupant protection, in-vehicle alcohol test devices, public knowledge of drunk driving, the effects of specific drugs on crash risk, and the special problems of elderly drivers and pedestrians.

In the aviation area, the Department and FAA are, and have been, pursuing a number of proposals to reduce the potential for near and actual midair collisions. The various measures underway include rulemakings that would: expand altitude-reporting (Mode C) transponder requirements; mandate the installation of Traffic Alert and Collision Avoidance Systems (TCAS) aboard airliners; and establish nine additional Terminal Control Areas at heavily trafficked airports. In addition, we are proposing extensive drug testing rules for safety-related personnel in the industry to assure a drug-free air transportation system (controllers are already subject to drug testing under DOT directives). Under the FY 1989 budget request, FAA would be able to hire 900 additional controllers and 300 more safety inspectors. Comprehensive in-depth inspections of selected air carriers will continue as scheduled and be coupled with continued tough enforcement and encouragement for the airlines to audit themselves for safety. We intend to give a great deal of attention as well to FAA's efforts to overhaul its pilot training and checking standards and to further cabin safety initiatives, including rulemakings on exit doors, seat standards, and equipment needed for overwater phases of flight. We will also be proceeding as rapidly as possible with implementation of the National Airspace System (NAS) Plan. Many of those projects will not only improve system capacity and efficiency but also safety. One by-product of the Plan will be greatly enhanced weather information collection and dissemination, especially with regard to windshear. A number of items referenced above are encompassed by Impact 88, an aggressive FAA program designed to bolster public confidence in aviation. Finally, it is our intention to ensure the highest appropriate degree of cooperation with the National Transportation Safety Board (NTSB) in their accident investigations and in consideration of NTSB recommendations that stem from them. More stringent cockpit voice recorder and flight data recorder requirements will be in place to aid the investigatory process.

DOT AFFIRMATIVE ACTION PROGRAMS

SENATOR LAUTENBERG: One of my major concerns about the management of the Department centers on the apparent lack of progress in achieving more progress in affirmative action. The most recent report, for example, indicates that DOT minority employment fell by 148 positions during Fiscal Year 1986. During this same time, minorities constituted only 9.3 percent of the Department's new hires. What specifically are you doing to improve DOT's Affirmative Action Performance?

ANSWER: While DOT minority employment fell by 148 during 1986, in 1987 the Department increased minority employment by 63. During 1984 and 1985, minority employment increased by 684. As the Air Traffic Controller work force comprises approximately one-third of the DOT work force, increased efforts which are now underway to recruit minorities in that work force should directly result in an improvement in our Affirmative Action Performance. In fact, the Federal Aviation Administration (FAA) has:

- Granted a contract to a human resource management corporation to study FAA's recruitment program.
- Launched an extensive national recruiting campaign aimed at minorities, including ads in minority-based media and a targeted recruiting effort at minority colleges.
- Streamlined the pre-employment screening and hiring process, so that good candidates (including minorities) can be hired quickly, and not lost to other employers.
- Obtained authority from the Office of Personnel Management (OPM) to administer the entry-level test for air traffic controllers, so that FAA can give the test at sites likely to attract minority candidates.

We are also in the midst of preparing DOT's Affirmative Employment Multi-Year Program Plan in accordance with Equal Employment Opportunity Commission's new management directive. This requires extensive data collection and analysis. When the analysis is complete, we will have a long-range plan and specific actions to address difficulties we have encountered in the recent past.

SENATOR LAUTENBERG: One area where employment is expanding is in the air traffic control work force. Yet, I note from your report that the minority percentage of air traffic specialist positions declined from Fiscal Years 1986 to 1987. What explains this decline?

ANSWER: The decline in the percentage of minorities in air traffic control was small, from 9.7 percent at the end of Fiscal Year 1985 to 9.3 percent at the end of Fiscal Year 1987. Since Fiscal Year 1984 the number of minorities in air traffic control has increased from 7.9 percent. Also the actual number of minorities in air traffic control increased by 36 in Fiscal Year 1987.

SENATOR LAUTENBERG: Why isn't the Department making better use of the growth in the air traffic work force to achieve affirmative action objectives?

ANSWER: We have used this growth in the air traffic work force as an opportunity to increase the numbers of minorities in air traffic. As previously mentioned, we have been successful in increasing the number of minorities in air traffic control during Fiscal Year 1987 and have also initiated actions to increase these numbers even more.

SENATOR LAUTENBERG: What do you plan to do to improve your recruitment of minorities in air traffic?

ANSWER: The FAA has taken the specific actions discussed earlier. We have launched an extensive recruitment campaign which includes targeted minority recruitment and have streamlined the hiring process so as to improve our effectiveness in bringing minorities into the work force.

DOT MINORITY BUSINESS PROGRAM

SENATOR LAUTENBERG: Your most recent report on the Department's Minority Business Enterprise Program indicates that the value of DOT direct contracts awarded to Small and Disadvantaged Business declined from FY 1986 to FY 1987. What accounts for this lack of progress?

ANSWER: While there was a slight decrease in certain types of contract awards, our records indicate that total direct and subcontract awards to small and disadvantaged businesses actually increased. Specifically, the following information on the DOT's direct and subcontract awards to minority-owned businesses was reported to the Department of Commerce/Minority Business Development Agency for FY 1986 and FY 1987:

		FY 1986	FY 1987
A.	Total Agency Procurement:	$ 2,134,257,000	$ 2,182,883,000
B.	Small Business Procurement:	569,574,000	648,660,000
C.	Minority Business Direct Procurement:	26,550,000	25,852,000
D.	8(a) Procurement:	256,322,000	253,936,000
E.	Total Agency Subcontracts:	188,648,000	203,935,000
F.	Minority Business Subcontracts:	19,892,000	50,491,000

G. Minority Percentage of Total Procurement:	14.19%	15.1%
C+D+F	$ 302,764,000	330,279,000
A	$ 2,134,257,000	$ 2,182,883,000

SENATOR LAUTENBERG: What are you doing to increase the share of procurement contracts in which minority firms can participate?

ANSWER: It is the DOT policy to review every procurement to determine if it can be included in the 8(a) program or as a small business set-aside prior to being considered for open competition.

Monthly Marketing Presentations - the Office of Small and Disadvantaged Business Utilization (OSDBU) has developed and is implementing a program to assist the minority and women business communities in marketing their firms to the Department. Each month the OSDBU schedules presentations for two (2) firms to present their capabilities to procurement and program staff from all DOT Operating Administrations. As a result of the presentations, some firms have been able to identify specific procurement opportunities on which to submit bids.

The DOT Minority Enterprise Development (MED) Week Awards Ceremony - the OSDBU in cooperation with the DOT Operating Administrations organizes and implements an Annual MED Week Awards Ceremony to recognize the outstanding contributions and accomplishments of minority and women business owners to the Department's programs. At the same time, DOT recognizes its MBE and procurement officials for their outstanding contributions to the DOT Minority and Women-owned Programs. These awards serve as an incentive to increase awards to small and disadvantaged businesses.

The DOT works closely with the resident Small Business Administration Procurement Center Representative to ensure a more effective delivery system for enhancing subcontracting opportunities for small, disadvantaged, and women-owned business enterprises, as called for under Public Law 95-507.

The Federal Highway Administration uses Subcontracting Compensation Clauses in Construction Contracts awarded under their procurement program to reimburse prime contractors for additional expenses incurred in localizing, mobilizing and training small disadvantaged business contractors.

The DOT participates in Small Business Administration, Minority Business Development Agency and Congressionally-sponsored procurement workshops/conferences to increase the understanding of minority and women entrepreneurs of the procedures for contracting with the government for supplies and services through competitive negotiations. During FY 1987, DOT personnel attended 33 Congressionally-sponsored Federal Procurement Conferences (FPCs), other agency workshops and East/West conferences specifically for women: Mega Marketplace. In FY 1988, DOT personnel will again attend 27 scheduled Congressionally-sponsored FPCs and other Federal agency sponsored conferences.

The DOT Short-Term Lending Program - the Short-Term Lending Program, operated through Capital Bank, N.A., Washington, D. C., enables minority, women-owned, and disadvantaged business enterprises to obtain short-term working capital at prime interest rates. The purpose is to increase the number of DBEs that enter into transportation-related contracts and to strengthen the competitive and productive capabilities of the DBEs that currently do business with DOT, its grantees, recipients, their contractors and subcontractors. Also, it serves as a vehicle to enable DBEs to establish creditworthiness and banking relationships for future independent transactions.

The DOT Bonding Assistance Program - this program enables minority, women-owned and disadvantaged business enterprises to obtain bid, payment, and performance bonds for transportation-related contracts emanating from the DOT, its grantees, recipients, their contractors and subcontractors. The program also provides an opportunity for DBEs to establish a positive performance record and enable them to obtain bonds independently within the standard surety bond industry. The program is administered through the DOT's OSDBU, Minority Business Resource Center (MBRC) and participating sureties and Managing General Agents (MGA). The current surety of record is the Indiana Mutual Insurance Company and the MGA is the Midwest Indemnity Corporation, Lincolnwood, Illinois. The DOT reviews packages for DBEs in advance of obtaining a transportation-related contract and guarantees 80% of all bonds issued under the program.

Historically Black Colleges and University Program - the OSDBU/MBRC is currently engaged in a grant agreement with Florida A & M University to operate a Business Management Skills Training Project. Florida A & M is responsible for conducting research and assisting in the delivery of comprehensive training programs on topics of interest to firms engaged in small business operations. To date, there have been seminars in West Palm Beach, Miami and Tampa, Florida. Approximately 352 firms have been introduced to various principles of business such as accounting, bookkeeping, and the preparation and submission of loan and bond applications. OSDBU will expand its activites to include another University in the HBCU program during FY 1988.

Women Business Enterprise Project - this project is operated by Tucker and Associates, Inc., New Orleans, Louisiana. The goal is to increase the level of participation of WBEs in DOT financial assistance and procurement programs. Tucker and Associates will conduct a series of seminars in conjunction with National WBE Trade Association conferences as a means of providing an impetus to WBEs in transportation-related contracts and services. This is a one year effort with an option for a second year.

National Information Clearinghouse/DOT-wide Data Base Project - the OSDBU/MBRC has recently acquired the services of Boeing Computer Services to review, update, and modify the National Information Clearinghouse (NIC) data base system. The process, once implemented, will provide access to a DOT-wide database to all operating administrations for storing, maintaining and developing a list of DBEs by consolidating all lists and directories within the Department.

Maritime Demonstration Project - a grant agreement between the DOT and the Tampa Port Authority is scheduled to be executed in March 1988. The principal purpose of the grant is to increase the number of DBEs that receive contracts from the maritime industry represented by the Tampa Standard Metropolitan Statistical Area. The Tampa Port Authority has contracted with Young Robinson and Associates to provide technical expertise in carrying out the mandates of the grant. The Maritime Demonstration project was previously implemented in Norfolk, Virginia, and Oakland, California with good results.

COMPARISON BETWEEN FY 1981 AND FY 1989 BUDGETS

SENATOR LAUTENBERG: When your Budget is compared to Fiscal Year 1981 (the first year of the Reagan presidency), ground transportation has been reduced in absolute dollar terms by approximately 25 percent, air transportation has increased by almost 100 percent, and water transportation has increased 30 percent. Is this a balanced treatment of the transportation function?

ANSWER: The changes you mention represent the efforts of this Administration to bring into balance a funding allocation that was out of balance in 1981. Even after adjusting for the $2 billion Penn Central default included in the 1981 total, there was far to much funding devoted to ground transportation -- primarily in the Amtrak and transit accounts. In order to remedy this misallocation, "unbalanced" changes have been required in succeeding years, including FY 1989.

The changes in functional distribution of the transportation budget requests reflect two major thrusts of this Administration: to return responsibilities for essentially local activities back to the local areas that benefit from those programs, and to focus our attentions on activities of national concern.

The major reason the ground transportation budget requests have remainedessentially level is because of the Administration's efforts to encourage state and local governments and/or the private sector to take responsibility for the urban mass transportation and inter-city rail programs that are not an appropriate Federal role. Those proposed budget decreases are offset by the increase in the Federal-Aid Highway program beginning in 1983 when the Federal motor fuels tax was raised to help arrest the deterioration of the major Federal-interest highway systems.

The large increase in budget requests for air transportation tracks with the Administration's continued strong commitment to improving the reliability, capacity, and safety of the current air traffic control system, commensurate with anticipated increases in aviation activity. The increase in budget requests for water transportation reflects the addition of the Maritime Administration, which in FY 1981 was in the Commerce Department, and the increasing efforts of the Coast Guard in the interdiction of drug smuggling.

QUESTIONS SUBMITTED BY SENATOR D'AMATO

COMMERCIAL DRIVERS LICENSES

SENATOR D'AMATO: Last year, Congress passed legislation to require Federal commercial drivers licenses. The purpose of the legislation was to promote highway and trucking safety. Unfortunately, the definition of "commercial vehicles" is so broad that it encompasses farm vehicles and fire department vehicles as well as commercial trucks. This places an inappropriate burden on local fire departments and on farmers. Yesterday, Congressman Slattery (D-Kansas) proposed legislation to exempt those types of vehicles from the new licensing requirements. I am considering similar legislation in the Senate. However, I understand that you have the power to grant waivers in certain instances. Will you support waivers from commercial licensing requirements for fire department vehicles and farm vehicles?

ANSWER: The Commercial Motor Vehicle Safety Act directs DOT to establish minimum standards for both the written and driving skill testing of persons who wish to be licensed to operate a commercial motor vehicle. The Act's scope is extensive. It not only covers farmers but other intrastate drivers such as fire equipment operators and school bus drivers. Under the Act, DOT may waive the requirements for a particular class of operator or vehicle. We are well aware of concerns about the application of the commercial licensing requirements to farmers, firemen, and others and will carefully review this issue.

COAST GUARD - FY 88 SUPPLEMENTAL

SENATOR D'AMATO: The FY '88 Continuing Resolution funded Coast Guard operations at a level slightly below FY '87 (9% cut). This was about $75 million less than the President's request. Coast Guard claims that it is $103 million short for FY '88 and has announced a series of cut-backs and closures, as well as a 55% reduction in drug-patrols. A $60 million supplemental for Coast Guard operations has been reported in the press. When will we see it? Where will these funds come from?

ANSWER: The Coast Guard's $103 million estimated shortfall includes, in addition to the Congressional reduction, $14 million for the 1988 pay raise that was not funded by Congress and $17 million for the unanticipated, increased cost of foreign engine parts due to devaluation of the dollar. The Department has submitted the necessary documentation to the Office of Management and Budget for review. While there has been no decision on the offsetting accounts, under consideration are prior year unobligated balances and capital accounts enacted without a request in the President's Budget or in excess of the Budget. [Note: The supplemental request was sent to Congress on March 17, 1988.]

SENATOR D'AMATO: Do you think it is realistic for the Administration to request a transfer of funds from Amtrak and transit for a Coast Guard supplemental?

ANSWER: Yes. In the first place, the transfers which are under consideration would not shift an excessively large amount of funds from any one account; no account would be grievously harmed. Secondly, the assumption underlying this request is that the shortfall in Coast Guard's operational funding will have more serious adverse consequences for this country than in the programs from which transfers will be proposed. From that point of view, it would be unrealistic and certainly inappropriate to propose transfers from other programs the President fully supports when options are available that the President believes do not meet the same criteria of essentiality and importance.

SENATOR D'AMATO: Congress has traditionally funded Amtrak and transit despite the last 8 Administration budget requests to delete or severely reduce these programs. With such a clear precedent of Congressional intent, isn't it irresponsible for the Administration to expect this Subcommittee to find the funds needed for Coast Guard without a new infusion of funds?

ANSWER: No. The adjustments being proposed here are far too small to be cast in the same light as the previous requests to which you refer. Furthermore, it is an act of responsibility to assert the relative importance to the Nation of Coast Guard's drug interdiction and maritime safety activities over the need for additional grants to Amtrak and mass transit. Finally, in light of the Budget Agreement, the proposal to use transfers rather than a new infusion of funds appears to us to be the more responsible position.

FY 1989 COAST GUARD FUNDING -- OPERATIONS

SENATOR D'AMATO: We appropriated $72 million less than the President's FY 88 request of $1.964 billion. Plus unanticipated costs of $17 million for devaluation of the dollar overseas, and $14 million to absorb the pay raise add up to a $103 million shortfall. Coast Guard says it must cut about $48 million for the remainder of FY 1988. Public announcements were made that drug interdiction efforts would be cut 55% (no routine patrols). Is it appropriate for drug smugglers to receive advance warning from the Department that surveillance is to be decreased? Do you approve of these announcements?

ANSWER: Given that the Coast Guard had to make reductions, the public would certainly ask where the cuts would be made. The Coast Guard responded honestly and openly. It has had to reduce its routine patrols by 55% from FY 1987 levels. This affects patrols aimed at enforcement of fishing laws, drug trafficing laws, and at responding to environmental pollution incidents. There has been no reduction in missions responding to hard intelligence.

Since routine Coast Guard patrols are random, law violators don't actually know where reductions will take place. No significant advance warning has been conveyed.

SENATOR D'AMATO: Coast Guard says that the facilities chosen for closure or consolidation were not chosen for political reasons, but to reflect the lowest producing units and to avoid any disproportionate regional impact. Albany, New York is slated to lose a port safety detachment. Governors Island will lose a (harbor) vessel tracking station. Alexandria Bay, New York will lose all but summer operation of the search and rescue station. Will you supply us with the reasons why these particular facilities were selected? How will their responsibilities be covered?

ANSWER: Port Safety Detachment (PSD) Albany, New York. Rationale for closing -- PSD Albany is a detachment of Marine Safety

Office (MSO) New York, New York. The closing of PSD Albany reduces Coast Guard overhead and administrative costs of conducting marine safety duties for the region. Necessary marine safety field work in the Albany region can be accomplished by personnel assigned to MSO New York.

Vessel Traffic Service (VTS) New York, New York. Rationale for closing -- VTS New York is a voluntary vessel movement monitoring and advisory system. Historical participation rate is 79%. Increased regulatory requirements for equipment such as radar, bridge to bridge radio communications and navigation procedures have reduced the need for VTS New York since coming on-line in 1978.

Station Alexandria Bay, New York. The station will be seasonalized. Current readiness levels will be maintained during the spring and summer months. Historically, 78% of the station's search and rescue (SAR) cases have been routine in nature. The station has responded to only four non-routine cases during the past three winters. Station Oswego, New York will cover the area during the off season.

SENATOR D'AMATO. FY 1989 proposed operations funding is $2.1 billion (an increase of about $312 million: $211 million for operations and $101 million for capital). Does the Department expect any operating funds to be derived from Defense?

ANSWER: No. The FY 1989 request fully funds Coast Guard's needs. When all resources are considered, including funding from the Boating Safety Account, the actual total increase requested for operations funding, is $311 million. Of that total, $100 million is needed to replace the $100 million of "services-in-kind" provided on a one-time basis by the Department of Defense in FY 1988 in accordance with the FY 1988 Continuing Resolution. None of the increase requested in operating funds is for capital acquisitions.

SNELL AND EISENHOWER LOCK REPAIR

SENATOR D'AMATO: Mr. Secretary, earlier this month you toured the Eisenhower and Snell Locks operated by the St. Lawrence Seaway Development Corporation. Engineering experts hired by the Seaway have recommended structural strengthening of these locks, although the Army Corps of Engineers believes the work can be postponed. Why didn't the President request funds for lock rehabilitation (approximately $8.5 million per lock)?

ANSWER: The Department has no plans for lock rehabilitation at this time, based on an assessment by the Corps of Engineers of the study done by an engineering consultant firm for the Corporation. Using the consultant firm's data, but different criteria, the Corps concluded that the locks are stable and do not require major rehabilitation. Accordingly, we have not requested funds for rehabilitation.

SENATOR D'AMATO: After having personally visited the locks, what is your opinion of what needs to be done with these facilities?

ANSWER: Each of the larger culverts in the lock walls, through which the locks are filled and drained, has a crack that allows water leakage and extends most of the length of the wall. The Corps of Engineers believe that the cracks, which were repaired in the 1960's, do not portend future failure.

This assessment by the Corps did not include physical examination of the culverts, because they were filled with water and inaccessible at the time of their examination. Both locks were recently dewatered, and the Corps was able to examine the culverts. Should the Corps, based on further review, revise its current position and recommend rehabilitation, we would take appropriate action.

SENATOR D'AMATO: Do you plan to transmit any recommendations to the Army Corps of Engineers?

ANSWER: The St. Lawrence Seaway Development Corporation plans to forward to the Corps of Engineers a copy of the final report and recommendations of its consultant, Gannett-Fleming Geotechnical Engineers, Inc., on the condition of Snell Lock. The report is expected to be completed by the end of April 1988.

TOLL FINANCING

SENATOR D'AMATO: One effect of the Water Resources Development Act was to put the funding of the Seaway on an appropriation basis (from the Harbor Maintenance Trust Fund). In view of the fact that Congress hasn't acted on the Department's efforts to achieve a return to toll financing, why do you continue to make this request in you budget proposal?

ANSWER: The Administration continues to request a return to toll financing for SLSDC because we believe it is the most efficient and effective way to manage the Corporation. Toll revenue financing provides important incentives, lacking with appropriated financing, to seek to increase cargo traffic and to operate more efficiently. Without toll revenue financing, the Corporation loses "clout" in negotiating with the Canadians on toll levels.

Toll revenue financing is more consistent with the business-type budget a Federal corporation is required to prepare. It is also more consistent with the principle of user financing, which was the basis for establishment of the Seaway.

Under toll financing, through aggressive cash management and productivity improvements, the Corporation was able to carry out an active program of capital improvements and also finance $2 million in extraordinary concrete repairs. At the same time, it increased its financial reserves by $1 million between the end of FY 1983 and the end of FY 1987.

SENATOR D'AMATO: How do you plan to proceed in order to promote a return to toll financing for the Seaway?

ANSWER: Legislatively, we intend to make restoration of toll revenue financing a high priority this year, and to assure that this important proposal receives a fair hearing before the appropriate Congressional Committees.

NEW YORK STATE MARITIME TRAINING SHIP

SENATOR D'AMATO: The FY 1988 C.R. contained the remaining $10 million in Federal funding needed to complete the conversion of a replacement training ship for the New York State Maritime College. What is the status of this project?

ANSWER: MARAD is currently in the process of completing the solicitation package for conversion of the replacement ship. Current plans called for awarding the contract for converting the replacement ship in September 1988, and completion of work on the ship by September 1989. RADM Miller, Superintendent, New York State Maritime Academy is aware of this schedule.

SENATOR D'AMATO: What is the status of DOT's study on "ship-sharing" among the maritime colleges?

ANSWER: The maritime Administration has developed a study outline for implementation of training ship-sharing and has provided copies to the State maritime colleges concerned and requested their comments. The study and schedule were also discussed at the annual meeting of the Maritime Administrator and the State maritime school superintendents at their annual meeting held on February 26, 1988. The State schools provided their initial comments on aspects of the study and a revised outline will be distributed in early March 1988. The target date for completion of the study is September 30, 1988, and the schedule provides opportunities for the schools to provide data and their comments.

STUDY ON AIRLINE CABIN AIR QUALITY

SENATOR D'AMATO: I understand that the Department is beginning its study of air quality in airline cabins. This subcommittee approved a reprogramming request of $750,000 in order to fund the study. Please update us on the status of that study. In addition, will it include data collection on contaminants other than tobacco smoke? Will it cover aircraft ventilation system operating procedures?

ANSWER: Originally, we planned to limit the present program to the study of environmental tobacco smoke in airliner cabins. In response to concerns raised by the Congress, the study will be expanded to include the effects of microbial aerosols, ozone, cosmic radiation, cabin pressure and ventillation rates and procedures. The revised program plan is expected to be forwarded to the Transportation Subcommittees of both the Senate and House Appropriations Committees for approval within the next few weeks. We will then initiate procurement for an independent outside contractor to perform the measurements and execute the analysis.

POST-ACCIDENT DRUG TESTING

SENATOR D'AMATO: On January 4, 1987, Amtrak had the worst wreck in its 16 year history. Sixteen lives were lost and scores of people were seriously injured. Drug use by Conrail employees was exposed and the Conrail engineer recently pleaded guilty to one charge of manslaughter.

On January 29 of this year, the Amtrak Nightowl derailed outside of Philadelphia. Fortunately, no one was killed. The Amtrak train tower employee who switched the train onto the wrong track was drug-tested several days after fleeing the scene. The tests detected traces of marijuana, cocaine, and amphetamines in his system.

Earlier this month, FRA rules permitting post-accident drug testing were struck down on 4th Amendment "Privacy" grounds by a 2-1 vote of the 9th Circuit Court of Appeals (Judges Tang and Pregerson). What action is being taken to address this decision?

ANSWER: On February 11, 1988, a divided panel of the 9th Circuit ruled that FRA's alcohol/drug rule violated the 4th Amendment prohibition against unreasonable searches and seizures to the extent that the rule requires testing based on circumstances other than individualized reasonable suspicion of current impairment. On March 4, the 9th Circuit granted the Government's motion to stay the issuance of its mandate for the period necessary to file a petition for writ of certiorari with the Supreme Court. Once the petition is filed, the mandate of the Circuit Court is automatically stayed pending final disposition of the case by the Supreme Court. We expect that the petition will be filed during the present stay period, which runs through April 2. Thus, the FRA rule will remain in effect until the Supreme Court rules.

SENATOR D'AMATO: Rail safety legislation is now in conference that would give FRA explicit jurisdiction over railroad employees (not just over railroads). Do you believe that the 9th Circuit decision will harm/help this legislation's chances?

ANSWER: The bills passed by both Houses would authorize the Federal Railroad Administration to assess civil penalties against and/or suspend from safety-sensitive duties individuals who perform such duties and who willfully violate the safety laws. The 9th Circuit decision incorrectly concluded, as a part of its Fourth Amendment analysis, that railroad employees are not themselves employed in a highly regulated function, even though the railroad industry is highly regulated. Enactment of the pending legislation would clearly moot that part of the court's analysis, although other Fourth Amendment issues would remain for decision by the Supreme Court. We believe that the 9th Circuit reasoning on this issue adds one more good reason why the Congress should enact the pending railroad safety legislation.

DOT FY 1989 BUDGET PASSBACK

SENATOR D'AMATO: Mr. Secretary, many press stories indicated that you convinced the President to add a total of $336 million to Coast Guard for drug interdiction efforts ($70 million) and to FAA for air safety ($226 million) by making larger cuts in OMB's transit numbers. In exchange for the $336 million for Coast Guard and FAA, you evidently agreed to give up $1 billion in transit aid. Reports say that this exchange led to Transportation receiving a lower overall budget number than OMB had intended. How do you think that our "deal" will affect this subcommittee's ability to fund its programs?

ANSWER: Adequate funding for the FAA and Coast Guard are the Department's highest priorities while continuation of a billion dollar discretionary grant program to fund rail projects in a few large cities is definitely not a priority. In the context of current deficits, a balanced Federal transportation program is one that funds national priorities and fully utilizes user taxes for programs they are authorized to support. The President has submitted an entirely defensible budget.

FAA RESTRUCTURING

SENATOR D'AMATO: In a recent speech before the National Press Club, you indicated the need to restructure the FAA. What are your proposals on this matter?

ANSWER: I do not have a specific proposal on restructuring the FAA. However, I do believe that there is an inherent conflict in FAA's missions where the agency is charged with establishing and enforcing safety regulations, providing air traffic control services, and encouraging the development of air commerce. We have before us an historic opportunity for positive reform at the FAA to address this conflict, and we must seize the opportunity to make changes to enhance the safety of aviation.

SENATOR D'AMATO: Are you supporting privatization of safety (Air Traffic Control) functions of the FAA?

ANSWER: Let me be very clear in answering this question. I support freeing the air traffic control function from the funding, procurement, and personnel constraints that go with being a Federal agency. Privatization of the function is one of the options that should be considered among the alternatives for restructuring the FAA. I do not support privatization of the safety regulation function. That belongs in the executive branch, where the President, Congress, and the American people can all exercise strict oversight.

FLIGHT SERVICE STATIONS IN UPSTATE NEW YORK

SENATOR D'AMATO: Aviation authorization legislation passed last year requires FAA to reopen certain flight service stations (Glen Falls, Albany, etc.) in upstate New York that were hastily consolidated into a new automated center in Burlington, Vermont. What is the status of FAA's implementation of this legislation?

ANSWER: Until Model 1 becomes operational at the Burlington automated flight service station in February 1989, interim services will be provided at the Albany, Glen Falls, Massena, Watertown, and Monteplier flight service stations. The interim services will begin in mid-May, 1988, and will include digital displays of weather charts in all five facilities.

QUESTIONS SUBMITTED BY SENATOR KASTEN

FOX RIVER LOCKS

SENATOR KASTEN: I understand that the Coast Guard has permanently discontinued all federal aids to navigation in 1988 from the Deperee Wisconsin lock to Boom Bay. Why did the Coast Guard choose to discontinue its use of navigation aids, when there has been no change in the navigational use of the Fox River?

ANSWER: The Coast Guard's decision to remove federal aids is due to physical changes in the navigability of the system caused by the U.S. Army Corps of Engineers decision to stop dredging the channel in 1977. Since that time the channel has steadily deteriorated until we are no longer confident that we can mark a safe channel. The proposed closure of the Rapide Croche Lock as a sea lamprey barrier will also further reduce the use of the waterway.

The use of the Fox River system is documented by the number of craft utilizing the lock systems. The following data was obtained from the Feasibility Plan for 1988 Operation of the Fox River Locks System, prepared by the East Central Wisconsin Regional Planning Commission:

Fox Locks Use Summary

Year	Lockages	Craft
1987	13,902	24,295
1986	12,618	21,785
1985	12,629	21,115
1984	12,697	24,150
1983	13,984	26,740

1987 Boating Activity by Craft Size

Size	Percent of Total
Under 20'	60.5
20' to 30'	30.5
30' to 40'	8.2
Over 40'	0.8

Although the use of the locks has increased, 91 percent of the boats using the system during 1987 were under 30 feet long. Typically, these vessels have drafts of less than three feet, which reduces the need for a marked channel. The marking of shoals, obstructions and marine facility entrances will meet the needs of most vessels. Such aids to navigation are appropriately the responsibility of the states, localities or private owners.

SENATOR KASTEN: Has the Coast Guard worked out a plan with the State of Wisconsin to transfer the responsibilities for the placement and operation of the navigation aids on this waterway? If no such plan has been worked out, what can you do to assist the State and local municipalities in the placement of navigation aids?

ANSWER: No, but the Coast Guard has been in contact with state and local officials and has expressed a continued willingness to assist in the transfer. The Coast Guard can provide technical advice on equipment and aid marking schemes.

SENATOR KASTEN: Can smaller buoys be used so that a 45 foot buoy tender is not required to place and service these buoys?

ANSWER: Yes. Smaller buoys are available which will meet the marking requirements and permit the use of smaller servicing craft, but with a considerable trade-off in capacity, endurance and efficiency of operations.

QUESTIONS SUBMITTED BY SENATOR WEICKER

RAIL AND TRANSIT BUDGET CUTS

SENATOR WEICKER: The Coast Guard and the Federal Aviation Administration have received much-needed increases. However, other agencies, such as the Federal Railroad Administration and the Urban Mass Transit Administration have been drastically cut. Under the Administration's budget proposal, the Federal Railroad Administration would be working with less than one-tenth of its FY 88 budget and the Urban Mass Transit Administration would be functioning with about one-half of its FY 88 appropriation. How do you expect these agencies to fulfill vital transportation needs for the Nation with these limitations?

ANSWER: Rail: Our request for the Federal Railroad Administration reflects the Administration's proposal to eliminate Federal funding for programs of regional and local, rather than national, interest (e.g., Amtrak, Local Rail Service Assistance). Our primary concern is rail safety and we believe that our request is adequate to help continue the downward trend in rail accident statistics. Our request for railroad safety program inspections and enforcement is slightly higher than the FY 1988 level. It provides for additional safety inspection and legal staff, and it focuses our research dollars on the critical railroad safety issues. However, we have passed the point where a few more dollars invested in our safety enforcement or safety research program is all that is necessary to make a significant difference in railroad safety. Unsafe railroad conditions are no longer the primary issue. Human factors -- rather than unsafe tracks and equipment -- are becoming more significant in railroad accidents. What we need to address the human factor is not simply more money for a few more inspections or more dollars in hardware research. We need the authority that we are seeking through the rail safety legislation that is under consideration in the Senate. The legislation that we seek would: (1) give FRA jurisdiction over railroad employees who jeopardize rail safety by tampering with equipment, using alcohol or illicit drugs, or violating other safety rules; (2) give railroads access to the National Driver Register as a means of screening prospective railroad employees; and (3) give FRA clear authority to require railroads to conduct random drug and alcohol testing.

Transit: Transit serves local needs and is best funded at the local level. The level we are proposing is adequate to support the Federal interest in transit. In the larger cities, Federal assistance amounts to less than 10 percent of operating costs. In the smaller cities, where Federal assistance ranges from 20 to 40 percent, the proposed reduction is smaller and the continuation of operating assistance eligibility would allow flexibility to adjust to the reduced funding level without significant service cuts. Much of the Federal reduction could be compensated by increased state and local financial assistance, efficiencies in competitive contracting, increased productivity, and better management of capital equipment. Over the past few years the strengthening of the economy and the control of inflation have improved the fiscal health of state and local governments. Current budget surpluses, and the windfalls resulting from Federal tax reform, give states and local governments increased flexibility to support transit. While states and cities have increased the amounts spent for transit in recent years, they continue to spend less than 2 percent of their combined budgets on transit. Considering the annual budget surpluses in many states, they have the flexibility to assume still a greater role in this area if transit is a priority concern.

AMTRAK PRIVATIZATION

SENATOR WEICKER: As you are probably aware, I am opposed to handing over Amtrak to the private sector, which defaulted on National rail passenger service in the 1970s. It has now been a year since the Administration's announcement that a Commission would be studying alternatives for the privatization of Amtrak. Although I do not support this course of action, I am interested to know what these proposals are. Could you briefly explain some of the options that are being considered?

ANSWER: As you know, a provision in P.L. 100-71 (making supplemental appropriations for FY 1987) prohibited us from implementing our proposal to establish a Commission to study Amtrak. However, the President has established a Commission which will submit a report on a number of privatization options -- including Amtrak.

The Commission held Amtrak privatization hearings on January 29. On February 5, the Commission voted on a number of recommendations as follows: (1) DOT should develop a multi-year plan, including subsidy phasedown and a deadline for moving Amtrak, or portions thereof, into the private sector. (2) DOT and Amtrak should conduct a comprehensive review of opportunities to contract out all or part of Amtrak services. (3) DOT, Amtrak and Treasury should find ways to fund Amtrak's capital needs, with no new committment of Federal funds. (4) States and commuter agencies should pay their fair share of the costs of Amtrak services and use of Amtrak's trackage. (6) Amtrak's exclusive right to operate rail passenger service should be repealed.

RAILROAD SAFETY GRANTS

SENATOR WEICKER: Last year, the Federal Railroad Administration recognized the importance of State rail safety inspectors by spending even more in FY 1987 for this program than the Congress had appropriated. (Note: The FRA decided to spend $1.5 million in FY 1987 even though Congress had appropriated $1.35 million.) Can you explain why no funds have been requested for Grants-in-Aid for Railroad Safety for Fiscal Year 1989?

ANSWER: After a careful reevaluation of the need to fund the Grants-in-Aid program, we believe that the States are committed to the rail safety program with or without Federal funding. It is anticipated that the 31 States currently participating would fully fund their current level of 103 rail safety inspectors without Federal funding. The Federal share of funding for the State rail safety grant program has decreased from 50 percent in FY 1985 and prior years to 23.9 percent in FY 1987 and is currently estimated at approximately 15 percent in FY 1988. With these reductions, the 31 participating States have increased their funding share and maintained the number of State inspectors. The Department would continue to support State inspection activity as evidenced by the coordination and integration of State inspection efforts in FRA's annual National Inspection Plan and by providing no-cost training for State inspectors at the DOT's Transportation Safety Institute in Oklahoma City. (Note: In FY 1987, FRA obligated $1.366 million, including $16 thousand carryover funds, for Grants-in-Aid for Railroad Safety.)

1989 NHTSA BUDGET

SENATOR WEICKER: You have expressed your commitment to safety. Can you explain why you have requested a $28.7 million reduction in expenditures for the National Highway Traffic Safety Administration, the entity responsible for highway traffic safety grants and alcohol safety incentive grants? Note: The NHTSA budget was $251.7 million in FY 1988 and the proposed FY 1989 level is $223 million.

ANSWER: In real terms, the NHTSA budget in FY 1989 is slightly higher than it was in FY 1988. In "program level", the request level in 1989 is $223.0 million; in 1988, the enacted level was $221.4 million.

In budget authority, there is a purely technical adjustment of $94.1 million for a "reappropriation" of lapsing budget authority included in the published totals for NHTSA in FY 1988. This $94.1 million is of no consequence from the standpoint of the operation of NHTSA's programs. When that amount is omitted from the totals so that FY 1988 and FY 1989 are truly comparable, NHTSA's budget authority in FY 1989 is higher than it was in FY 1988. In budget authority, the request level in 1989 is $220.5 million; in 1988, the enacted level was $218.9 million (omitting the reappropriation).

SUBCOMMITTEE RECESS

Senator LAUTENBERG. We are reconvening this subcommittee on March 3 with the Federal Highway Administration and National Highway Traffic Safety Administration. That is March 3, Thursday, 10 a.m. Until then, this subcommittee is adjourned.

And we once again thank you.

[Whereupon, at 4:28 p.m., Thursday, February 25, the subcommittee was recessed, to reconvene at 10 a.m., Thursday, March 3.]

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1989

THURSDAY, MARCH 3, 1988

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:05 a.m., in room SD–138, Dirksen Senate Office Building, Hon. Frank R. Lautenberg (chairman) presiding.

Present: Senators Lautenberg and D'Amato.

DEPARTMENT OF TRANSPORTATION

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

STATEMENT OF DIANE K. STEED, ADMINISTRATOR

ACCOMPANIED BY:

JEFFREY MILLER, DEPUTY ADMINISTRATOR

BARRY FELRICE, ASSOCIATE ADMINISTRATOR FOR RULEMAKING

GEORGE REAGLE, ASSOCIATE ADMINISTRATOR FOR TRAFFIC SAFETY PROGRAMS

ADELE SPIELBERGER, ASSOCIATE ADMINISTRATOR FOR PLANS AND POLICY

OPENING REMARKS

Senator LAUTENBERG. Good morning. We will call the Subcommittee on Transportation of the Appropriations Committee to order.

I acknowledge and apologize for our late start. It is not my style. But I was trying to save the country in the Budget Committee, as we heard from our Defense Secretary. Having done that, now I am ready to take on the important tasks.

Today we are going to be hearing from Diane Steed. We welcome the Administrator of the National Highway Traffic Safety Administration. We will then hear from Bob Farris, who is the Deputy Administrator of the Federal Highway Administration.

The good news from Ms. Steed is that the fatality rate continued its downward trend and now stands at 2.4 deaths per 100 million miles traveled. In addition, seatbelt useage continued to increase and fatal accidents due to drunk drivers has declined. And that is good news for all of us.

I am concerned, however, about the effects of two congressional actions of the past session. The first was an amendment on the STAA, the Surface Transportation Assistance Act, which allowed states to permit speeds of up to 65 miles per hour on rural interstates.

The second action, somewhat like the first, was an amendment on the CR, the continuing resolution, which allowed up to 20 states, the first 20 to apply, to raise the speed limit on rural roads that meet interstate engineering standards.

I was opposed to both of those amendments. I still believe that energy and safety concerns are serious issues, and nothing is served by increasing the speed limit. So we are going to explore the speed limit issue at some depth.

And as I said, following Ms. Steed's presentation, we will hear from Bob Farris of the Federal Highway Administration.

I am disappointed that in Mr. Farris' area the administration is asking for further reductions to the overall highway obligation ceiling, especially in light of the country's need to rebuild its infrastructure.

Bob Farris will have to defend and explain the administration's position on that. We are also going to be examining the increased duties and responsibilities of the Bureau of Motor Carrier Safety and its effectiveness in removing unsafe drivers and trucks from our nation's highways.

Ms. Steed, you are welcome to make your introductory remarks. Again, welcome.

STATEMENT OF DIANE K. STEED

Ms. STEED. Before I hit the highlights of some of the reasons for the good news you mentioned, let me introduce my colleagues for the record, if I might.

To my far left is Barry Felrice, Associate Administrator for Rulemaking; next to him is Mr. George Reagle, Associate Administrator for Traffic Safety Programs; to my immediate right is Jeffrey Miller, Deputy of the Agency; and to his right is Adele Spielberger, Associate Administrator for Plans and Policy.

SAFETY BELT USE

You mentioned the good news, Mr. Chairman, and we think the reasons for that are noteworthy, so let me just expand on them briefly.

First, is the good news from the safety belt useage campaign. As you mentioned, safety belt useage continues to increase. It has quadrupled in about the last 5 years. We think that is due to a couple of things.

First of all it is due to the enactment of safety belt use laws by the states. Currently, 32 states and the District of Columbia have now enacted such laws. These laws are working to save lives.

We estimate that safety belts have saved over 8,000 lives and prevented more than 95,000 serious injuries during the period from 1983 to 1987. We are asking in our budget for next year for about $5.1 million to continue our national campaign, and we think we can make even further strides in increasing safety belt use.

AUTOMATIC CRASH PROTECTION

The good news is also due to the fact that the vehicle itself is doing a better job with new safety devices to protect occupants. By that I mean the automatic crash protection devices that manufacturers are installing in response to our motor vehicle standard 208.

This is the second year that manufacturers have been installing automatic crash protection in their cars. By automatic crash protection, I mean automatic safety belts that automatically fall in place as you close the door, or air bags in those cars.

Ten percent of all the cars produced for sale in this country last year came equipped with automatic crash protection. This year, 25 percent of the automobiles for sale in this country will come so equipped. We are very excited about this progress. We are doing research into consumer acceptance of these devices to see how we can better inform the public about the advantages of automatic crash protection.

SIDE IMPACT RULEMAKING

We have also made advances in our rulemaking area. We have issued a proposed rulemaking to establish dynamic side impact tests for passenger cars. This was a very complicated rulemaking. It addresses what we consider to be a serious problem with highway safety, in that we lose about 8,000 people annually in side crashes. The notice of proposed rulemaking proposes a new test procedure, a new dummy, and so forth, and as I said it is a very complicated rulemaking. We are very pleased to have been able to issue the NPRM.

LIGHT TRUCK AND VAN SAFETY

We are also looking very closely at the safety of light trucks and vans. We have just extended the steering column standard to light trucks and vans, and we have put in place a dynamic test requirement for safety belts in light trucks.

We are looking at the classification of light trucks and vans and passenger cars to see that as vehicles have changed over the years, whether or not changes need to be made in those classifications. We have a number of other upcoming rulemakings in the light truck area.

ENFORCEMENT ACTIVITY

In the area of enforcement, we had a very good year last year. Nearly 8.9 million vehicles were recalled for safety problems during the year. Only twice in the agency's history have that many cars been recalled.

I do not want to get into a numbers game because that can be good news or bad news, depending on the way you look at it. But the point is—perhaps the more important point is—that 70 percent of those vehicles that were recalled were due to NHTSA influence. By that I mean an investigation that we had underway or encouragement that we gave the manufacturers resulted last year in a safety recall.

We believe that is a very good sign that we are doing our enforcement job quite effectively. Our goal is to find even better ways to identify safety problems as quickly as possible and to get defective vehicles off the road. We are quite proud of our record in enforcement last year.

DRUNK DRIVING

I would certainly be remiss if I did not talk briefly about the progress in fighting drunk driving. As you mentioned in 1987, we as a nation did make some forward strides. And to me that is very good news, because in 1986 our progress was beginning to level off.

I was very concerned that we were losing public attention to what I consider to be one of the most important and serious problems in highway safety and that is the drunk driver.

AGE 21 DRINKING LAW

Fortunately, in 1988, we saw another decline in the incidence of drunk driving and believe me, we set a goal to keep the drunk driving issue squarely before the public as a primary safety issue. This is one of my highest priorities for the coming year.

A number of things are working to reduce drunk driving. The 21-year drinking age that you were largely responsible for getting enacted by the Congress is working extremely well.

We have done some updates on the effects of that law. We see a continuation of the same 13-percent reduction in fatalities in the involvement of that age group in fatal accidents that we saw originally. This is not falling off.

We also looked, interestingly enough, to see if we were pushing up the problem to the 21- to 23-year age group by raising the drinking age.

Fortunately, we are not seeing that trend. So I think the 21 drinking age is doing the job and doing it quite well.

The TEAM Program, which I expect we will talk more about this morning, is also one of the programs of which we are particularly proud. It is one of the best examples of public and private cooperation on a highway safety issue that we have seen.

TEAM is a tremendously exciting program, as I know you know, Mr. Chairman. We will be glad to talk about that a little later.

SPEED LIMIT INCREASE

Perhaps the most widely reported highway safety story last year, as you mentioned in your opening remarks, was the raising of the speed limit by the Congress. Within days of congressional action a number of states did raise their speed limits on eligible roads. At this point 39 states have now posted their eligible rural interstates at 65.

Early data from several of these states appeared to suggest that fatalities had increased on the higher speed roads. But that data also showed fatalities are up on rural roads in states that did not increase the speed limit.

I have to stress that it is just too early for us to make any real judgments or draw any real conclusions about the effects of raising the speed limits.

SPEED LIMIT STUDIES

We are doing, as I am sure you know, very comprehensive studies of the effect of increasing the speed limit. We will have a preliminary report on that to the Congress later on this month. But it will be September before we have any statistically reliable data.

In the meantime, however, Mr. Chairman, I want to assure you that we are doing all we possibly can to work with the states to point out how important it is for motorists to obey the posted speed limit, no matter what that speed limit is.

Whether the posted limit is 65 or 55 or 35 or 45 mph, we have to treat speed limits the way we have treated drunk driving and the safety belt issue in the past, then I think we can make the same kind of progress there.

BUDGET OVERVIEW

Very briefly, as a budget overview, for 1989, our budget submission provides for a total program level of $223 million. This is about $94.5 million under the operations and research appropriation, and obligation limitations of $128.5 million for highway safety grants.

The 1989 request of $94.5 million compares to a fiscal year 1988 appropriation level of $92.8 million.

The request of $128.5 million for the obligation limitation under the highway traffic safety grants appropriation includes $115 million for formula grants, and $13.5 million for the alcohol safety incentive programs.

PREPARED STATEMENT

That is a very quick overview, Mr. Chairman. My colleagues and I would be very pleased to try and answer your questions.

[The statement follows:]

STATEMENT OF DIANE K. STEED

Mr. Chairman and members of the subcommittee, I am pleased to appear before you today to present our budget request for fiscal year 1989. With me at the witness table to help me answer your questions are Jeffrey Miller, Deputy Administrator; Adele Spielberger, Associate Administrator for Plans and Policy; George Reagle, Associate Administrator for Traffic Safety Programs; and Barry Felrice, Associate Administrator for Rulemaking.

Before responding to your questions, I want to give you a quick summary of developments during 1987 and an overview of our expectations for the coming year.

The best highway safety news about 1987 is that the fatality rate resumed its downward trend and now stands at 2.4 deaths per 100 million miles traveled, down from 2.5 in 1986 and 3.3 in 1980. The fatality rate is the accepted measure of the trend in highway safety, and this is the lowest it has ever been. To give you an idea of the actual numbers represented by these rates: If people had died at the same rate in 1987 as in 1980, more than 63,000 would have died instead of an estimated 46,000.

We believe that several factors account for this decline. You've heard me testify about them before: Better drunk driving programs, more people wearing safety belts, more children in car seats, and better safety systems in vehicles. We know what works to reduce deaths and injuries, and we know that we have to keep working year after year to build the base for safety. A lot went right for safety in 1987. Let me give you some details:

Safety belt use continued to rise. Our survey of usage in 19 cities showed that 42 percent of all drivers were wearing their belts in 1987, continuing the increase which began with the enactment of safety belt use laws in 1984. Seven additional states enacted safety belt use laws in 1987. Georgia's enactment of a law this February brings the total to 32 states and the District of Columbia. We estimate that safety belts have saved over 8,000 lives and prevented more than 95,000 serious injuries during the period 1983-87. To keep the momentum going, we are asking for $5 million in fiscal year 1989 for our national efforts for occupant protection. As part of this effort, we have already held a series of meetings with highway safety and law enforcement officials to sharpen the focus of the program in the coming year.

In parallel with our safety belt use program, we also saw significant progress in 1987 in improving the ability of the vehicle itself to protect occupants. The occupant crash protection standard (FMVSS 208) entered the second year of its 4-year phase-in. Twenty-five percent of all new passenger cars in the current model year are being equipped with automatic crash protectors. We are monitoring the implementation, to make sure the manufacturers meet this percentage, and we are also conducting consumer surveys to assess the public's reaction to the new systems. In a move that we believe will substantially increase the number of airbags, we have extended the period within which a manufacturer can receive a full-car credit for a driver-side airbag until September 1, 1993. We are confident that the airbag will become the occupant protection system of choice for virtually all manufacturers by the end of the phase-in period.

This has been a year of other advances in vehicle safety rulemaking. We have issued a notice of proposed rulemaking to establish a dynamic side impact standard for passenger cars. Side impacts account for almost a third of occupant fatalities, most of them occurring when the vehicle is struck by another vehicle. The proposed standard, with its associated proposals for a new test dummy and new injury criteria, will significantly increase an occupant's chances to avoid death or serious injury in a side impact.

We are also continuing our review of the safety standards applicable to light trucks and vans, based on the safety results of those vehicles. We have just extended the steering column standard and the dynamic test requirements for safety belts to cover most light trucks. In response to the committee's interest, we are updating our 1987 report on light truck and van safety to include crash data from 1986 and to examine more closely the problem of occupant ejection in utility vehicle crashes.

During the coming year, we expect to issue rulemaking notices on head restraints and side impact requirements for light trucks, as well as a further notice on the classification of vehicles. These vehicles have changed dramatically in design and use, and we need to consider the effects of those changes in the context of the safety standards.

As in rulemaking, we experienced significant success in our enforcement programs in 1987. Nearly 8.9 million vehicles were recalled for safety problems during the year. Only twice in the agency's 20-year history have significantly more vehicles been recalled. More significant to us than the absolute number of vehicles is that 70 percent of the vehicles recalled were influenced by our investigative actions. By intensifying our use of voluntary recall request letters, we have shortened the time required for a recall and increased the effectiveness of investigations which result in recalls. I must caution, however, that neither the number of vehicles recalled nor the number of recall campaigns should be viewed alone as an appropriate measure of program effectiveness. We should be judged on our ability to identify problems and to take action when warranted. Our goal is to find any defective vehicles as quickly as possible and to ensure the prompt remedy of any defects. I believe 1987 was a good indicator of our success in meeting that goal.

In the area of highway safety, we are continuing our emphasis on the drunk driving problem. The broadly based coalition of safety organizations working to reduce drunk driving has had a remarkable success. In 1986, the latest year for which we have complete data, we found that the percentage of drivers involved in fatal crashes who were legally intoxicated had fallen by 14 percent since 1982. The most significant drop was among teenaged drivers, whose involvement declined by 26 percent in the same period. This was encouraging news, but we have reason to be concerned at the evident lessening of public attention to the drunk driving problem. For example, the number of news stories about drunk driving has declined significantly from its peak in 1984, a trend which may weaken the deterrent effect of the drunk driving programs. Despite this trend, I am happy to report that preliminary data for 1987 indicates that the downward trend in alcohol-related fatal crashes has continued. The proportion of 1987 fatalities involving alcohol intoxication is estimated at 40 percent, down from 41 percent in 1986 and 46 percent in 1982.

We plan to place even greater emphasis in the coming year on programs designed to increase the public perception that drunk drivers will be detected and arrested. We also plan to propose modification to the rules implementing the section 408 program, which may result in additional states qualifying for this program. We are increasing our support for the TEAM program, which has now been expanded to Major League Baseball. The TEAM program has been extremely successful in focusing public attention on the dangers of drunk driving, and represents an outstanding example of cooperation between the public and private sectors.

The most widely reported highway safety story in 1987 was Congress' amendment of the speed limit law to permit speeds up to 65 miles per hour on rural interstate highways. Within a matter of days, a number of states raised their speed limits on these roads. Thirty-nine states have now posted their rural interstates at 65 miles per hour. Early data from several states appeared to suggest that fatalities had increased on the higher speed roads, but that data also showed that fatalities were up on rural interstates in states that did not increase the speed limit. I must stress that it is too early to speculate on the real effect of the increased speed limits. To provide a comprehensive assessment will require the collection and analysis of data on crashes, injuries and fatalities on 65 mile-per-hour roads and 55 mile-per-hour roads, as well as data on the actual travel speeds and traffic volume on these roads. We will have to compare this data with the experience on the same roads at earlier points in time and with data from roads on which the speed limit has not been raised. In response to the committee's request, we will be submitting an interim report on our analysis of the 65 mile-per-hour roads later this month, but we will not complete our analysis of the full data for 1987 until September. At that time we will submit a comprehensive report to the committee. In the meantime, I would caution against using preliminary raw data to assess the impact of the change or to determine long range trends. We will be providing assistance to the states and the law enforcement community to help improve enforcement of the posted speed limit on all roads.

Let me conclude my statement with a quick overview of our budget request. For 1989, our budget submission provides for a total program level of $223 million. This consists of $94.5 million under the Operations and Research Appropriation and obligation limitations of $128.5 million for Highway Traffic Safety Grants. The 1989 request of $94.5 million represents a 1.8-percent increase over the fiscal year 1988 appropriation level of $92.9 million and is within the guidelines established by the deficit reduction agreement for fiscal year 1989.

Within our 1989 request, $53.7 million is included to support ongoing contract programs and allow for expanded efforts in some areas, particularly occupant protection. Additional funds are proposed to expand the rapid response system of the National Driver Register and to expand research activities on subjects such as light truck stability and antilock brakes for heavy trucks.

The request of $128.5 million for obligation limitations under the Highway Traffic Safety Grants Appropriation includes $115 million for Safety Formula Grants (section 402) and $13.5 million for Alcohol Safety Incentive Grants (section 408). The amount of $115 million requested for 402 Grants provides a somewhat higher level in general purpose funding for the programs than provided in our 1988 Appropriations Act, since the $3 million statutory set-aside in 1988 for FHWA's commercial motor vehicle operator licensing program does not continue in fiscal year 1989.

The sum of $13.5 million, which we are seeking for the section 408 program, is an amount that will enable us to provide grants to all states expected to qualify in 1989.

This concludes my statement, Mr. Chairman. I will be happy to try to answer any questions you may have concerning our budget request.

AGE 21 DRINKING LAW VERSUS FATALITIES

Senator LAUTENBERG. Thank you. Your statement was very quick yet very thorough and we appreciate it. I would like to just make one observation.

In your statement you said that the 21-drinking-age law had resulted in a 13-percent decrease in fatalities. Your written statement says 26 percent, and I just wondered whether there was any misunderstanding.

On page 5 of your prepared statement you say, among teenage drivers 26 percent. I assume that we are covering everybody when we say 21.

Ms. STEED. Teenage drivers, as we define the term, are 15-year-olds to 19-year-olds. So my statement addressed more than the results of raising the drinking age.

Senator LAUTENBERG. OK. The percent who were legally intoxicated had fallen by 14 percent.

Ms. STEED. Right.

Senator LAUTENBERG. The most significant drop was among the teenage drivers.

Ms. STEED. Right.

Senator LAUTENBERG. So that is a pretty impressive result, as you acknowledge. I am very pleased that we are showing that result.

There is a continuing concern about that group going beyond the driving rules. But those issues are to be looked at in another place.

MAJOR SAFETY INITIATIVES

Just discussing priorities for a moment, what are the major initiatives for your agency in the near term, the coming months?

Ms. STEED. Well, we will be doing a number of things. First of all, we will be working to keep the issue of drunk driving prominently in the public's eye.

We have seen a reduction of media attention to the drunk driving issue. I believe if we are really going to solve this problem in this country once and for all, we must keep that issue in front of the public and keep it a high priority.

I am concerned that other national problems such as the overall drug abuse problem and AIDS are replacing drunk driving on the front pages of our newspapers. And I believe we have a responsibility to do all we can to make sure that needed public attention persists.

Increasing safety belt useage as high as possible is another primary goal. As I mentioned we have usage laws in a number of states. The results of these laws vary from state to state, quite frankly, and we are working with the states to have them set their own goals for increasing usage. We will be coming to you very shortly with a report to the Congress on our work in this area.

Increasing safety belt use in this country as high as we possibly can is another of my primary goals. We strongly support the 70-by-90 effort, which is 70 percent usage rates by 1990—an effort that is being supported by a number of safety groups across the country.

Finishing the side impact regulation and analyzing the comments will be an important priority for the agency.

The speed limit issue and working on new public information and education efforts will be a very high priority in the coming year, as will the drug recognition program and learning a little more about drug use in the driving population. Briefly, those are the top five.

PERCENTAGE OF AUTOMATIC SAFETY DEVICES

Senator LAUTENBERG. I think you said that last year 10 percent of the autos produced, if I heard you correctly, had some kind of an automatic safety device.

Ms. STEED. Correct.

Senator LAUTENBERG. Do you know what percentage of those were airbags?

Ms. STEED. I do not have a precise percentage. But I can tell you that companies at this point are using automatic safety belts to meet our regulatory requirement. These include motorized two-point belts or nonmotorized two-point belts or three-point belts.

Five companies last year offered driver side airbags. An additional company offered driver side and passenger side airbags. This year two more companies will offer airbags. And the following year, 1989, two more Japanese companies will offer airbags.

I genuinely believe that the airbag will be the technology of the future. And by the early 1990's—after a very long 15-year period of working on these devices—I believe we will see airbags in automobiles as a standard feature.

RED LIGHT SAFETY VIOLATIONS

Senator LAUTENBERG. What about the safety problems that affect, let us say, pedestrians as well as drivers? Such as red light violations.

Is that a constant? It seems to me that I read statistics about an increasing number of very serious accidents taking place as people attempt to beat the red light.

Do you have any statistics that bear out the suspicions that we generally have, that these are places where you are looking at some fairly serious accidents?

Ms. STEED. We do see a number of problems at intersections where you would think people would be safe walking.

By and large the biggest problem with pedestrians is an alcohol-related problem. We are seeing a number of drunk pedestrian incidents. As a matter of fact, I think this accounts for about one-half or maybe even a little over one-half of our pedestrian fatalities.

This is an area in which we have not done much in the past several years, because we have focused our attention on certain other priorities and some things that we thought would have early payoff.

We are now going back to encourage the states, where they have a large pedestrian problem, to undertake remedial action. We have examples of states and communities which used public education and increased enforcement to reduce their pedestrian problem.

So as we see this problem occur, we will be working with the states.

Senator LAUTENBERG. Do you know if violations likepassing red lights are on the increase?

Ms. STEED. I do not have data on that, Mr. Chairman.

65-MILE-PER-HOUR SPEED LIMIT

Senator LAUTENBERG. In the CR, and you made mention of the fact that, the committee provided $336,000 above the request by the administration to study the safety impacts of the 65-mile-an-hour speed limit.

You said that you are going to have a report by the end of the month. The first report was due March 15. Now, are we realistically looking at something close to that timeframe, Diane? Or are we talking about not making the 15th of March?

Ms. STEED. We probably will not make the 15th. I just received the first draft of the report. But we hope to have it out shortly.

The problem was that some of the necessary data we needed was not available until the first of February. So we have been really crunching the numbers.

Senator LAUTENBERG. Do you have any preliminary findings that you could tell us about now?

Ms. STEED. I would stress the fact that they are very preliminary, Mr. Chairman. What we see is that basically, it is too early to draw any long-term conclusions.

As you probably know, some data was released at a congressional member's request in November. It appeared to show about a 50-percent increase in rural interstate fatalities.

As we look at more data now, that has come down. This data is showing an 18- to 20-percent increase. But again, the numbers are bouncing all over. In some states that raised the speed limit, fatalities have actually gone down. In states that did not raise the speed limit, fatalities on eligible roadways have gone up.

So we are working very hard to figure out why this is happening, and to assess the real effects of raising the speed limit. It is a very difficult thing to do.

SPEED LIMIT COMPLIANCE AND SANCTIONS

Senator LAUTENBERG. You mentioned in your testimony that speed limit compliance criteria and the sanctions for noncompliance should be enforced.

Ms. STEED. Enforcement of posted speed limits, no matter what they are, is going to be a big emphasis.

Senator LAUTENBERG. OK. Would you see any way to support the repeal of sanctions or penalties for noncompliance?

Ms. STEED. I would like to see something done with compliance formula.

As a matter of fact, we would like to see the compliance and sanctions portion of the 55-mile-an-hour speed limit repealed, and the reason for that is that we do not see any relationship to the sanctions and safety. There just does not seem to be a relationship there at all.

In fact, it may be that the sanctions are actually forcing the states to deploy enforcement resources to places where they can enforce 55 miles per hour, to avoid losing highway funds as opposed to where their more serious crashes may be occurring.

So we do not think that the sanctions and the compliance formula make a whole lot of sense.

STATUTORY FORMULA AND HIGHWAY SAFETY

Mr. MILLER. I would like to add, Mr. Chairman, a conclusion on the lack of a relationship between that current statutory formula and any real highway safety impact.

That is, I think, a view that is increasingly shared by a number of organizations. The National Academy of Sciences report in 1984 was very critical of the formula the way it existed. A recent draft report by the General Accounting Office came to a similar conclusion. It was the subject of a hearing, a Senate Environment and Public Works hearing conducted last week.

They have all been very critical of the formula. Different people have come up with different ideas on proposals to change the formula. We are, quite frankly, skeptical as to whether it is reasonable that we are likely to be able to come up with any logical way to fix the formula.

But I think there is a growing consensus that the formula just has not been working effectively. And it tends, unfortunately, to put sanctions on states that may, in fact, be doing a very good job.

Senator LAUTENBERG. In your responsibility for improving safety, saving lives, reducing injury, is there no process, no penalty process that ought to be used?

We have seen in times past that the incentives very often produce few results. So the counterbalance to that is a kind of stick approach. We saw it happen with incentives to raise the drinking age. It never happened.

One day we figured out a way to do it, and that was to take away highway funding. Then everybody kind of paid attention.

Do you not think that there is, if the formula is faulty, a way to correct the formula? Did I understand you correctly there?

Mr. MILLER. If there is, Mr. Chairman, we quite frankly are not aware of what it is.

If one were to devise a formula that was actually related to highway safety, it really ought to take into account several factors including type of roadway, degree of speeding, traffic volume, traffic congestion, terrain, and degree of urbanization.

And it ought to look, quite frankly, at more than just roads posted at 55 miles per hour. It ought to look at roads posted at 45, at 35, and 30 mph. The current formula focuses on just one kind of road.

It does not take into account the fact that states have different speed limit posting policies. And as a result, with a very simplistic kind of formula, I think, leads to some pretty strongly misleading results.

Senator LAUTENBERG. Well, then, what I hear you say, and frankly it comes as a surprise to me, is that, regardless of condition, that increasing the speed limit does not materially affect fatalities or injuries or seriousness of accidents.

Ms. STEED. If I could add to that, Mr. Chairman, it may not materially affect those things.

And I would like to go back to your previous question for a moment, and say that I have to respectfully disagree a bit. We think that positive approaches and incentives have worked in a number of areas, such as the drunk driving program and the safety belt program in many ways.

We have worked very cooperatively with the states and provided them with technical assistance and information. And as a result, we have seen some tremendous gains in both of those areas.

ENFORCEMENT OF THE SPEED LIMIT

With regard to the speed problem, as I think I mentioned last year, we really have not done as much as I think we as an agency could do with the enforcement community.

Quite frankly, they tell us they had lost control under the old system, of 55 miles an hour. Very few people were obeying the 55-mile-an-hour speed limit.

We would like to view the change in the speed limit, and I know some of them would like to view this, as an opportunity to regain enforcement of a proper speed limit, and to tell people if there is a speed limit posted that they mean business.

Whether the speed limit is 65 or if it is 55, the enforcement community would like to go out there and enforce whatever speed limit the state feels is appropriate for those roads.

And we are working very hard to give states the tools and the techniques to do that. And that is where I think we can make some very real gains, and hold fatalities that might otherwise rise because of increased speed.

Senator LAUTENBERG. I do not know of many states with good driver awards programs that get a lot of attention.

When you say 32 states, is that the number, that now have compulsory seatbelt laws?

Ms. STEED. Correct.

Senator LAUTENBERG. That does not sound like the carrot approach to me.

It says that if we catch you, you get fined, and there will be points on your license, et cetera. All of the positions that seem to work best are those that are punitive, in terms of getting people to obey and getting states to obey. I am not simply for clubbing states into submission, although sometimes it is not a bad idea.

If you believe that increased speeds above 55 on the federal highways or rural interstates contribute to the serious or the frequency of accidents, then I am surprised to hear you say that we ought to remove all sanctions and penalties for ignoring the speed limit.

Ms. STEED. Let me correct what I may have left as a misimpression.

We would advocate removing the sanctions and penalties on the states. I definitely would not agree with having no penalties and no sanctions for speeders. That is really what I am talking about.

Senator LAUTENBERG. I understand you very clearly. Why does it work with individuals and not with states?

Ms. STEED. Because the formula does not take into account the kinds of things that really make a difference in safety.

The formula does not differentiate, for example, between a person going 56 miles an hour or a person going 75 or 80. And that is where the law enforcement community can step in and enforce whatever the posted speed limit is. They were not doing that previously.

Senator LAUTENBERG. So we have got to encourage them to do that.

Ms. STEED. Absolutely.

EMERGENCY MEDICAL SERVICES INDEX

Senator LAUTENBERG. This year's appropriation included $240,000 for the study of the effectiveness of an EMS sensitivity index, and that one of the states chosen for this project should be New Jersey. What is the status of that program?

Ms. STEED. Mr. Chairman, we have looked at the sensitivity index. Basically what that is, it is a tool to measure the effectiveness and appropriateness of emergency medical care in a state.

We are encouraging the states to take a look at available data bases to determine what their traffic safety problem is, how big is it, how quickly are serious traffic accidents responded to, how severe are these accidents, and how appropriate is their emergency medical care.

And by looking at police accident data, by looking at trauma center data and marrying the two, we can get a measure of how good a state's emergency medical services approach is.

We have started the approach in Maine, developing the sensitivity index. And, as you mentioned, Mr. Chairman, New Jersey will be one of the states that will be working now to gather the data and use the sensitivity index over the next several months. There are five or six other states that will join in.

Senator LAUTENBERG. Too early to——

Ms. STEED. Too early to say results, yes.

ALCOHOL SAFETY INCENTIVE GRANTS

Senator LAUTENBERG. Concerning alcohol safety grants, in the opening statement, you stated that NHTSA plans to propose modification of the rules implementing the section 408 program. What are those plans, Ms. Steed?

Ms. STEED. After the Congress enacted the Alcohol Safety Grant Program, we put in place a rule that would tell the states how to apply for a 408 incentive grant.

In that rule, we spelled out the statutory criteria that had to be met, and then spelled out the evidence that had to be shown by the states to qualify for those grants.

We have seen a number of states have great difficulty in qualifying for a 408 grant. Basically, the major impediments are things like a hard suspension of the driver's license, prompt suspension of drivers' licenses, and the 48-consecutive-hour jail term required by states. Those are the three major impediments.

We think that perhaps our regulations spelling out the data and paperwork processes that states need to go through to demonstrate compliance may not be flexible enough to allow the states to qualify.

So by rulemaking, we are looking at modifying the evidence that states must submit to us to qualify for a 408 grant. We will be trying to give them as much flexibility as possible. We are doing this by rulemaking in order to obtain full public comment. We would hope that we can provide greater flexibility without in any way disturbing the statutory criteria that are in place.

Senator LAUTENBERG. Last year, NHTSA provided information that New Jersey qualified for only the basic grant award under section 408.

Ms. STEED. Yes, sir.

NEW JERSEY SUPPLEMENTAL GRANT FUNDING

Senator LAUTENBERG. What does New Jersey have to do to receive the supplemental grant funding?

Ms. STEED. New Jersey's basic problem is with the prompt suspension of the driver's license, getting it down to 45 days to suspend a license. That is a difficult thing to do for a large state or a state with a large population.

New Jersey qualified for the basic grant and also gave us a plan for how they would reduce the time that it takes to suspend a driver's license. And they have made good progress.

As I understand it, they have come down from about 89 days for prompt suspension to 60 days as an average. So they are making progress, but it is that element that is impeding New Jersey's eligibility for the supplemental grant.

DRUNK DRIVING CHARGES

Senator LAUTENBERG. Monday it was reported that almost half of the people in jail, held on drunk driving charges, serving a sentence for that offense, had been sentenced for the same offense at least once before.

What can NHTSA do to help alleviate this situation? Is recidivism a major problem?

Ms. STEED. Recidivism is a major problem, Mr. Chairman. It is a very frustrating problem that we have been trying to deal with.

I am not sure that anyone has the answer to the recidivism problem. But I think there are a number of things that we can do and that we are working on with judges and prosecutors.

We need to have swift and sure punishment in every state. The drunk driver has to know that if he or she drives after drinking, the punishment is there, and it is certainly going to be meted out.

In addition, we are finding that judges do not have a good way to determine the type of person that comes before them as a result of a drunk driving violation. The judge may not be sure whether this is a social drinker that had one too many this time, or whether this is, in fact, a problem drinker and an alcoholic.

There are a number of screening mechanisms that states are now using to identify problem drinkers to try and get them off the roads and into alcohol treatment. At present, we think that is the only way that we can ever get at the recidivism problem.

I think we need to look at alcohol treatment and perhaps start talking a little more about dealing with the problem drinker and driver, as an alcoholic and as a medical disease, and have the medical community become more involved in this issue.

DRUNK DRIVING INFORMATION SYSTEMS

Mr. MILLER. Mr. Chairman, one other point I think that ought to be mentioned in connection with recidivism that is very important is information and tracking systems to identify just who the repeat offenders are.

One of the things that many of the states discovered in the early 1980's when they began to focus more seriously on the drunk driving problem is they did not have good recordkeeping systems in place to figure out just who had, in fact, been previously arrested or convicted on a drunk driving charge.

So many of the states have made very substantial and commendable progress in developing central statewide recordkeeping systems to track repeat offenders. And likewise at the federal level, the National Driver Register, will, as we continue our modernization process, become increasingly valuable to keep track of people who may have committed offenses in different states.

Senator LAUTENBERG. Before I turn to my colleague, Senator D'Amato, I just want to follow up, because we will talk about the NDR in a minute.

I want to be sure that I heard you correctly, that many states did not have adequate information about the drivers within the state who had drunk driving offenses on their record.

Mr. MILLER. I think that is a generally accurate——

Senator LAUTENBERG. Within single states——

Mr. MILLER. Within single states we saw problems where those types of offenses were not always reported to the state motor vehicle department.

It is not that the motor vehicle department was doing a bad job. In many instances it was treated as a lesser local traffic offense and simply was not reported to some central state register.

Ms. STEED. Plea bargaining continues to be one of the biggest problems, and that is what Mr. Miller is talking about.

Mr. MILLER. Or pretrial diversion.

Senator LAUTENBERG. I would like now to ask my distinguished colleague, Senator D'Amato, who is the ranking member of this subcommittee, to join us. And if you have any questions or opening statements——

PREPARED STATEMENT

Senator D'AMATO. Thank you, Mr. Chairman. I ask that my opening statement of introduction and greeting to our Administrator and Deputy Administrator be made part of the record, as if read in its entirety.

[The statement follows:]

STATEMENT OF SENATOR ALFONSE M. D'AMATO

Mr. Chairman, I join you in welcoming Diane Steed, Administrator of the National Highway Traffic Safety Administration [NHTSA], and Bob Farris, Deputy Administrator of the Federal Highway Administration. I look forward to hearing their explanation of the details of the administration's proposed fiscal year 1989 budget for their programs.

FHWA provides assistance to states for the construction and improvement of roads, bridges, and highways in order to meet state transportation and safety needs. The Highway Trust Fund provides highway aid to states through various federal-aid programs such as interstate construction, interstate 4–R (resurfacing, restoration, rehabilitation, and reconstruction) and bridge replacement and rehabilitation.

The fiscal year 1989 budget proposes $12.331 billion for the federal-aid highway account, $10 million for highway-related safety grants, $24.6 million for motor carrier safety, and $60 million for motor carrier safety grants. This proposal would cut nearly $400 million from the obligation limit placed on federal-aid highway obligations from $11.78 billion in fiscal year 1988, to $11.398 billion in fiscal year 1989. This cut is $952 million below the $12.35 billion obligation limit authorized in last year's highway bill (Public Law 100–17). For New York State, it means a cut of $19 million.

I plan to ask today's witnesses how these funding plans will affect the ability of states to advance their highway programs. I also am interested in the effect of the new commercial motor vehicle driver license requirements on firefighters and farmers. In addition, I have questions for both FHWA and NHTSA regarding how the enforcement of the 55-mile-per-hour speed limit could be improved and made more equitable.

Thank you, Mr. Chairman. I appreciate this opportunity to offer my comments.

ENFORCEMENT OF DRUNK DRIVING LAWS

Senator D'AMATO. In your last line of questioning relating to drunk driving, I think that certainly is an area in which we have made some progress.

There is a greater public awareness of the dangers of drunk driving. I believe we must, as you have indicated, encourage the kind of strict enforcement that will make it clear that we are not going to tolerate people who are driving while intoxicated, and that there will be severe penalties. Drunk drivers certainly do create a situation that is hazardous beyond comprehension.

Young people in particular have to know that there are going to be severe penalties imposed, so that we begin a cultural revolution, so to speak, to reverse the trend of injuries and deaths.

If we do not inculcate young people with knowing that, why, as they get older it will be harder to teach them. The oldtimers, maybe it is too late for them, they are too far gone.

Mr. Chairman, I am only going to ask one question. But let me suggest to you, if I can be of assistance to the chairman in this endeavor, I would certainly pledge my cooperation to you. This is a serious, serious matter.

55-MILE-PER-HOUR PENALTIES

I would like to ask our Administrator, what is your opinion of placing a temporary moratorium on imposing penalties against states that fail to meet technical compliance rules regarding enforcement of the 55-mile-an-hour speed limit?

Ms. STEED. We do not have the authority to do that, Mr. Chairman. Statutorally, we have no discretion not to start proceedings against a state that may have violated the 55-mile-an-hour speed limit.

I did say earlier, however, that we believe that the compliance formula and the current compliance sanctions ought to be repealed.

We do not think that they serve a safety purpose, and in fact may be acting counter to safety by encouraging the states to put their resources elsewhere, to encourage enforcement with 55-mile-an-hour speed limits, on roads where there may be no problem, while they are diverting resources from the drunk driving approach or from places where they have much more fatal accident experience.

Senator D'AMATO. Thank you very much. And I thank the chairman for his indulgence as I now make my way to our Defense Appropriations Subcommittee hearing.

Senator LAUTENBERG. It is always a pleasure to have you here. Thank you.

Now getting back to where we were in terms of information on offenders. Obviously we are going to agree that good information is a good way to prevent repeat offenders from getting out there again, menacing others, killing themselves perhaps, causing injury and great property damage.

I come out of the computer industry and I am familiar with data base operations, information gathering, et cetera, and I see it as a wonderful tool to try to control these things. So I would like to spend a minute on it.

NATIONAL DRIVER REGISTER

At last year's hearing we talked about it, about the National Driver Register. And you stated, Ms. Steed, that existing quality problems would, or could be addressed by the, and here I quote the title, the "Problem Driver Pointer System."

Ms. STEED. Right.

PROBLEM DRIVER POINTER SYSTEM

Senator LAUTENBERG. What kind of progress have we seen this past year?

Ms. STEED. We are very pleased with our progress on the problem driver pointer system. We are in the midst of a pilot test that will point the way to the implementation of a full problem driver pointer system across the country.

The pilot test involves four states, and they are North Dakota, Ohio, Washington, and Virginia. The pilot test began in August of last year. Basically we are trying to run the pointer system whereby in these four states, as someone comes in for a driver's license, the state would inquire whether or not that driver is a problem driver in another state.

We wondered, frankly, as we chose these four states and as we started the pilot, whether or not we would learn anything from four states as geographically dispersed as these.

Interestingly enough, the preliminary statistics that we have through December of last year, so that with these four states we had about 228,000 inquiries. In other words, the states, four states asked each other 228,000 times if this particular person was a problem driver.

We found 21,000 hits. In other words, if they inquired with the name, the date of birth, or the physical characteristics, they found in the National Driver Register a problem, or a potential problem there.

And we found that, as the state followed up to get the full driving record of that person they identified as having a record in another state, about 3,400 licenses were denied in these four states. Again, that is August through December.

So I think we are seeing that this kind of a system will work. We are very encouraged with it. The tests will run 1 year through August 1988, and we will provide the Congress a report on the full operation of that system early next year.

Senator LAUTENBERG. Those four states, with a fairly wide geographic distribution, were they the only states to inquire of that base?

Were they supplying the input and were they the only ones with access as well? Or is the access general, even though the data collected is only from those four states?

Ms. STEED. I understand your question. I am not sure I know the answer.

Those were hits for all the states. It was not just information from those four.

Senator LAUTENBERG. Were there 228,000 sources of information put in? Or was it 228,000 inquiries?

Ms. STEED. Inquiries.

Senator LAUTENBERG. And that again was off the data base that included only information from those four states.

Mr. MILLER. Our NDR has been a central index that we have maintained of information from the states.

With these four pilot states we are moving away from the concept of keeping the central records ourselves, and instead keeping the records with the state motor vehicle agencies themselves.

And all we serve in our function, as required by the 1982 Driver Register Act, is as an index, a pointer. So when an inquiring state comes in, we simply direct the inquiring state to another state where that record may exist.

So during this interim period, while we are pilot testing the new system, we will still have central records for the other states, but for the pilot states they will be keeping the records themselves and we will simply be serving as an index.

Senator LAUTENBERG. Do we have the whole driver's license file in the state of Ohio, one of the states you mentioned?

Mr. MILLER. Only for certain problem drivers. And under the old system, our records were limited to those persons who had licenses suspended, revoked, or canceled for cause.

Under the new system, the states, of course, keep the records, themselves. We will serve as an index and point an inquiring state to any of those states for a person whose license has been canceled, suspended, revoked, or a person who has been convicted for drunk driving, even if his license has not been canceled or suspended. Or for certain other, specified offenses, which include, I believe, hit and run and things of that nature.

Senator LAUTENBERG. So it includes the problem driver generally, including the drunk driver. So those four states are supplying information that is currently available to all states who inquire of the NDR?

POINTER SYSTEM RESPONSE

Ms. STEED. Yes; and the important thing about these four states is that they are now up on the automated system, whereby they are receiving an answer in about 7 seconds. That is a great improvement.

Senator LAUTENBERG. And they input directly into the system?

Ms. STEED. Yes, sir.

Senator LAUTENBERG. And they access it.

Ms. STEED. The 7 seconds is a tremendous improvement. Before, it was taking weeks because of mail, and with some of the other states overnight. So the 7 seconds is very heartening.

Senator LAUTENBERG. I guess it depends on how states issue licenses as to whether or not there can be an effective use of this.

Ms. STEED. That is correct.

Senator LAUTENBERG. Nevertheless, it is a goal, I think, that we all agree is one that is worthy of pursuit, because it is too easy to establish a residence in one state, if you have lost your license someplace else, and just pick it up, even though there is, I am sure, a question on every license application as to whether or not your license has been suspended or revoked in another state.

COMMERCIAL DRIVER'S LICENSE SYSTEM

The Commercial Motor Vehicle Safety Act of 1986 required states to use the NDR for purposes of licensing truck and bus drivers. Has this helped improve the record quality that states provide to the NDR?

Ms. STEED. We think it will improve the record quality because, if for no other reason than all states must participate.

At the present time, it is a voluntary system. But under the commercial driver's license system, all states will have to participate. So we think that simple step will improve the quality of information.

AIRBAG FIELD TEST

Senator LAUTENBERG. The committee directed NHTSA to implement the field testing of mechanical airbag systems. What is the status of that effort?

Ms. STEED. We have just recently completed all of the laboratory tests and environmental tests of a mechanical airbag system. And it performed very well.

As a matter of fact, we put that report in the docket last month, I believe, in February. And we are now looking at the field test to determine the best way to go. We have been in touch with the suppliers and so forth.

Senator LAUTENBERG. Has NHTSA identified or solicited voluntary participation of state police fleets?

Ms. STEED. We have been talking to them and there are a number of police fleets that are very interested. Including the one in New Jersey, I might add. Very interested.

Senator LAUTENBERG. New Jersey is always a progressive state, as you know.

STATE MOTOR VEHICLE INSPECTION PROGRAMS

Regarding the motor vehicle inspections by states; the agency was directed to provide a study plan to the committee by February 15 on the effectiveness of state motor vehicle inspection programs. Where is the study plan?

Ms. STEED. You will have it by the 31st of March. We wrote a letter asking your indulgence, to give us a little extra time.

Senator LAUTENBERG. And we gave it to you.

Ms. STEED. You did, I think. I hope so.

Senator LAUTENBERG. We did it de facto, if we did not do it in jury.

STATE MOTOR VEHICLE INSPECTION STUDY

The Senate authorizing committee with jurisdiction in this area wanted the Transportation Research Board to conduct a study on states' motor vehicle inspection efforts. What is the agency's position on who ought to conduct that study?

Ms. STEED. Mr. Chairman, we believe that we can conduct that study in-house, equally as well, and with a lot fewer resources.

We have rather limited resources, as I am sure you know. And we believe that we have the expertise and the ability to conduct it ourselves. When you see the study plan that is what it will indicate.

Senator LAUTENBERG. Would the Transportation Research Board be the better place?

Ms. STEED. They do not necessarily have the technical expertise in these areas, and what they have to do is go out and find the expertise, learn a lot about the system, come up to speed and then spend the time to do the study.

And we think we can do it quicker than that, and as I said equally well.

Mr. MILLER. Mr. Chairman, the Transportation Research Board provided an estimate in response to an inquiry from one of the House committees as to what it would cost to perform this study, and their estimate was $375,000, which would be substantial. We simply do not have that amount budgeted.

And if we were to operate through the TRB for this study, it would require us to forego some other activities. We just do not have that built in to our budget for either fiscal year 1988 or fiscal year 1989.

Ms. STEED. I would also point out that this is a subject that has been studied many times and we will go back through those studies and take a look at what has been done and do any updating that we believe necessary or additional work.

It is something that we do know a lot about already.

CENTER FOR INJURY CONTROL

Senator LAUTENBERG. Over the past 3 fiscal years, the committee has provided $26.5 million for the Center for Injury Control.

The Senate report directed NHTSA to report by March 1 on the funding provided. What is the status of that?

Ms. STEED. We are very pleased with the CDC progress. As you know, we were directed by the committee to undertake a grant program to get a number of research projects on injuries in America underway.

We have awarded 32 grants. We have also, as directed in the legislation, set up five centers of excellence around the country to bring together multidisciplinary talents and skills to look at injury problems, many of which are motor vehicle related.

We are quite pleased with the centers. They have met three or four times. They are talking about undertaking a national injury project to see what kind of reductions could be made in injuries in an area—perhaps in the bicycle safety area, with bicycle helmets.

We are reconvening at the direction of the Congress, the committee that looked at injury in America originally and produced that report. That will happen later on this spring.

The group will meet at the end of this month to see what additional efforts ought to be undertaken. But we are quite pleased with the progress that has been made.

It is a little too early to show results from the research. But the centers are doing quite well.

Senator LAUTENBERG. When can we expect formal reporting on that?

Ms. STEED. I will have to check, Mr. Chairman. I am not sure exactly where that report is.

Mr. MILLER. That will be coming from the National Academy of Sciences. We have asked them, and we understand from them that they expect to have the report available in late spring.

Senator LAUTENBERG. The Labor-HHS Subcommittee has now started funding this effort. We look forward to getting a response on that as quickly as we can.

We thank you very much for your testimony and for your commitment, Ms. Steed, and that of your colleagues, to better safety on our roads and highways. We think that you do good work.

We urge you, however, to not ask the committee's indulgence, even though the chairman is a patient gentleman, on these two dates. It would be very helpful to us as we start thinking about funding and what kind of conditionality, if any, might be attached to it.

SUBMITTED QUESTIONS

So we would appreciate hearing from you as quickly as we can. Thanks very much. We will have questions from me and other members of the committee. And we would ask you to get back to us promptly.

We have a vote now, and I am going to adjourn the committee for approximately 5 minutes, and then we will hear from the next witness. Thanks very much.

[A brief recess was taken.]

[The following questions were not asked at the hearing but were submitted for response for the record:]

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

OVERALL PRIORITIES

SENATOR LAUTENBERG: Are we gaining on the highway safety problem?

ANSWER: Yes. Over the last seven years, fatalities are down and the 1987 fatality rate is at an all time low. We cannot be complacent, however, because the fact that we still have 46,000 fatalities on our highways indicates that the battle for safer highways is still a long way from over.

Indicators that point to improvements in highway safety include:

- o Fatalities are down to a rate of 2.4 per 100 million vehicle miles of travel in 1987, the lowest ever recorded. As recently as 1980, the rate stood at 3.3.
- o Fatalities have declined from 50,091 in 1980 to an estimated 46,000 in 1987.
- o Alcohol involvement in motor vehicle fatalities has declined substantially over the last several years, from an involvement rate of nearly 46% in 1982 to nearly 40% in 1987, a 14% reduction.
- o MDA 21 laws have led to a 13-15 percent reduction in fatal crashes for teenagers. It is estimated that minimum drinking age statutes have saved over 4,400 lives since 1982, including nearly 1,000 in 1987.
- o Safety belt use has continued to rise, and stands at 42% according to our latest 19-city survey. We estimate that 8,000 lives were saved in the 1983 to 1987 period, including 2,450 in 1987.
- o The 19-city survey also shows that 82% of our children are now using child safety seats.

We will continue to make gains in the immediate future. New vehicles are offering improved occupant protection systems. The occupant protection crash standard, now in the second year of implementation, will result in 25% of all new passenger cars in the current model year being equipped with automatic crash protection. We believe that the air bag will become the technology of choice in the future.

A newly proposed side impact standard will significantly increase occupant protection in side impact crashes.
Also, we will continue our strong support of our vehicle enforcement activities. In 1987, 8.7 million vehicles were recalled, 71% of which were influenced by NHTSA investigative action. There are only two years with significantly higher totals.

SENATOR LAUTENBERG: What additional things can this committee do for highway safety?

ANSWER: The most significant thing the committee can do for highway safety is to continue the strong support of programs directed at influencing public behavior related to alcohol and drug impaired driving, safety belt use, and adherence to posted speed limits.

SPEED LIMIT ENFORCEMENT

SENATOR LAUTENBERG: The Agency was directed to report on whether raising the speed limit from 55 mph to 65 mph on certain rural interstate highways contributed to an increased number and/or rate of accidents, injuries and deaths. Has it?

ANSWER: The increases in State speed limits from 55 MPH to 65 MPH have not been in effect long enough to determine their actual effect on traffic crashes. Thus, it is too early to predict any trends as a result of higher limits.

Preliminary data from several States appear to suggest that fatalities were up on higher-speed roads, but deaths also were up on rural Interstates remaining at 55 MPH. To make an accurate assessment of the effect of raising the speed limit, we must measure crash trends on all road systems, and obtain data from FHWA on travel speeds, miles traveled (in order to compute respective fatality rates), and traffic volumes.

As indicated in the March 3 hearing, we will provide results of a comprehensive evaluation of higher speed limit impact in the fall and an interim report this Spring. These preliminary data cover January-September 1987: In the interim, I would caution against using any preliminary data for making judgments about the effects of higher limits or long range trends.

SENATOR LAUTENBERG: Do you believe that "safety" is no longer a valid reason for maintaining a national maximum speed limit?

ANSWER: The Department believes safety should be a key factor when a State establishes and enforces each posted speed limit as well as other traffic laws. There is a growing consensus among highway safety experts that new efforts are needed to emphasize the safety importance of all speed limits, not just the 55/65 national maximum speed limits, and that renewed emphasis on speed enforcement is needed, especially in the case of "excessive speeders."

Consistent with its belief in the importance of speed enforcement, the Department believes that the Federal compliance criteria and sanctions of the current law impede the States' efforts to determine where speed enforcement is needed to enhance safety. The Department believes the States are in the best position to make such determinations, and therefore recommend a repeal of the compliance and sanctioning process. This would return the speed limit law to the form enacted in 1974.

SENATOR LAUTENBERG: What has NHTSA done regarding those states that were allowed to raise the speed limit on rural roads that meet interstate engineering standards?

ANSWER: NHTSA is planning to assess the safety impact of raising the speed limit on roads that are in the Demonstration Program. The Federal Highway Administration (FHWA) has informed us of the states that have applied for participation in the Demonstration Program and the number of miles on which each state plans to increase the speed limit. With the assistance of FHWA and the National Association of Governor's Highway Safety

Representatives, we plan to determine crashes and casualties on the Demonstration Program highway segments so that a safety assessment can be performed. We note that this task will be more difficult then the analysis on the Interstate system, since the Demonstration Program roads constitute a much smaller network, and are less well defined in various highway safety data bases.

SENATOR LAUTENBERG: Is NHTSA providing guidance and/or assistance to the National Association of Governor's Highway Safety Representative for reporting on the safety effects of the twenty state demonstration program? If yes, what type of assistance? If not, why not?

ANSWER: NHTSA has discussed the Demonstration Program with the National Association of Governor's Highway Safety Representatives (NAGHSR) and the Federal Highway Administration (FHWA). Based on these discussions, NHTSA is developing a plan directed at assessing the safety of these Demonstration Program highway segments, i.e. accident, injury, and fatality numbers and rates.

We will meet in the early spring with NAGHSR to discuss the plan and determine how to proceed in obtaining the data necessary for this safety assessment.

EMERGENCY MEDICAL SERVICES SENSITIVITY INDEX

SENATOR LAUTENBERG: Are Sensitivity Indices used to measure and/or plan emergency medical services: (If so, where and what has been the experience?) (If not, why not?)

ANSWER: The final data analysis and report from Maine, the first pilot State, was completed in April 1987. Since that time, the data have been used by the State for evaluation and planning, not only for emergency medical services (EMS), but also for other highway safety programs.

For example, the report was submitted to the State EMS Board. Based upon the results of the report, the Board drafted a new performance regulation requiring that all new ambulance services in the State must provide an average response time to the scene of an injury or illness of twenty (20) minutes. Prior to the Sensitivity Index report, there were no data available upon which to determine an appropriate performance requirement for response time.

Regional EMS Coordinators within the State have been provided prehospital data on access time, time to scene, and total time of patient delivery to definitive care, which has been broken down by towns within their regions. Several of the Coordinators have implemented public information and education campaigns in select towns within their regions to improve citizen access to prehospital care where access times were significantly poorer than the State average. At least one Regional Coordinator has undertaken an ambulance placement study within his region because the data indicated a poorer than average response time to the scene compared with the remainder of the State.

A leading trauma surgeon in the State has been given the Sensitivity Index data broken down by county. He is using this data to address medical and hospital forums in counties where prehospital performance and patient outcomes are poorer than state averages in order to encourage more medical involvement in planning improvements for trauma care.

The highway safety injury protection data have been given to the Maine Department of Public Safety which operates highway safety programs other than EMS including safety belt/child safety seat programs, impaired driving programs, and motorcycle safety education programs. These data showed, among other things: 1) uniformly low safety belt use across regions in the State (ie. 18%), 2) uniformly low alcohol/drug involvement in highway injuries across regions in the State (ie. 20%), 3) and low use of motorcycle helmets in motorcycle-related injuries (ie. 31%); showing considerable inter-region variability. The data are currently being reviewed by the State to determine their applicability to highway safety programming.

The next step is to expand the Sensitivity Index program into the four States of New Jersey, Pennsylvania, Missouri and Hawaii. The Index will also be continued in Maine, thus satisfying the need for a rural State in the test, and also offering NHTSA a basis for comparing the results in the current test with the findings in the four new States.

SENATOR LAUTENBERG: Does the Agency support the use of a Sensitivity Index to measure the effectiveness of a Region's or State's Emergency Medical Services?

ANSWER: The Agency is impressed with the results of the Maine pilot test of the EMS Sensitivity Index for Highway Safety Need which indicated that the index provides useful intrastate comparisons necessary for planning and improvements not only in emergency medical services (EMS), but also for other highway safety programs. Questions still remain regarding the usefulness of the Index for interstate comparisons, and the multi-state demonstration project being conducted in five (5) States this year should determine whether comparable data can be obtained from different States.

Beyond the "comparability" issue is the issue of State "readiness" to perform the Index. Computing the Index requires central aggregation and computerization of accident reports, ambulance run forms, and hospital discharge data, as well as linking these three data bases through appropriate computer software. In identifying the five States to participate in the multi-state demonstration project, it was evident that most States were missing one or more critical element(s) (eg. uniform ambulance reporting, central aggregation of data, computerization of data, etc.) necessary to compute the Index.

The Agency supports the use of the sensitivity index to measure the effectiveness of a region's or State's emergency medical services and, pending results of the multi-state demonstration project, the Agency will encourage States to adopt the index as a uniform measure of EMS effectiveness.

SECTION 408 - ALCOHOL SAFETY GRANTS

SENATOR LAUTENBERG: NHTSA plans to propose modification to the rules implementing the Section 408 program. Will these changes allow more states to qualify for alcohol safety grants? How?

ANSWER: The general purpose of the rulemaking action will be to provide additional flexibility to the States in demonstrating to NHTSA that they meet the statutory criteria. We expect, from our review of statutory and regulatory criteria, that additional States will qualify for Section 408 funding under the proposed rulemaking. We expect the rulemaking process to be concluded by the end of the fiscal year.

Several States have applications in process or legislation under consideration which may qualify them for Section 408 funding. West Virginia recently provided data in support of its 1986 application which is now under review. Oregon recently submitted an application for funding which is also under review.

Several other States are considered to be likely candidates to qualify in the future. This assessment is based on a review of their laws as we understand them and State interest in qualifying identified by our Regional offices, but the final qualifications may depend on further changes in State law. These States are: Connecticut, West Virginia, Illinois, Texas, Missouri, Colorado, Hawaii, Arizona, Idaho, and Oregon.

Significant legislative activity directed at qualifying for Section 408 funding has also been identified in New York and California.

Even in those States where required legislation exists, there are frequently slight deviations from the Federal 408 criteria. This particularly applies to the requirements for prompt and "hard" driver license suspension and for 48 "consecutive" hours of confinement.

SENATOR LAUTENBERG: Have states that qualify for more than the basic Section 408 grant award, i.e., supplemental grants, had more success in the war against drunk driving?

ANSWER: The 408 States (as a group) have achieved greater progress than non-408 States, in that alcohol-related fatal crash reductions are greater in 408 than in non-408 States. The average crash reduction was 14.1 driver fatalities per month over 40 months (564 fewer driver fatalities).

Analysis of recommendations made by the Presidential Commission on Drunk Driving shows that 408 States adopted 78 percent more of the recommendations that non-408 States. The results were dramatic: the first 10 States to qualify for 408 funding reduced the proportion of intoxicated driver fatalities from 30 percent in 1982 to 22 percent in 1986 (a 27 percent decrease) versus non-408 States which reduced their proportion from 31 percent to 26 percent in 1982-1986, a smaller decrease of 16 percent.

Within the 408 States, however, three of the sixteen currently qualified 408 States receive only the basic grant. These States are Alabama, New Jersey, and Washington. No analysis has been conducted comparing these States with the other 408 States.

Such an analysis would be questionable, however, because all of these States now appear to have supplemental criteria in operation (e.g. minimum drinking age 21, State task force, statewide program coordination, plea bargaining limits, etc.). According to our most recent review, Alabama appears to have fifteen of the supplemental criteria, New Jersey has nine and Washington has eight.

These States have good overall alcohol traffic safety programs, but have not yet been able to meet the 45 day prompt driver license suspension requirement necessary to qualify for a supplemental grant. New Jersey in particular is deserving of special mention and praise. In New Jersey, the number of deaths resulting from drunk driving has been reduced by 50% during the last 5 years. In 1986, deaths related to drunk driving were the lowest in the last decade. In New Jersey, the proportion of fatalities that involve an intoxicated driver has been reduced from 28.5 percent in 1983 to 18.3 percent in 1986.

SENATOR LAUTENBERG: Does NHTSA have data on the number of drunk driving arrests for the past three years?

ANSWER: NHTSA does not independently survey law enforcement agencies to obtain the number of arrests for drinking and driving. The agency uses data collected by the Federal Bureau of Investigation (FBI), as reported in the Uniform Crime Reports (UCR). According to the UCR, arrests for drinking and driving for the last three years are:

Year	# of Arrests
1984:	1.78 million
1985:	1.79 million
1986:	1.79 million

It is important to note that UCR arrest estimates are based on voluntary agency reporting plus estimates for agencies not providing such reports. Data on 1987 arrests will be available in the July, 1988 volume of the UCR.

SENATOR LAUTENBERG: Has the twenty-one minimum drinking age had a positive impact on the driving while intoxicated (DWI) problem?

ANSWER: Minimum Drinking Age (MDA) Laws have had a substantial impact on traffic safety. NHTSA estimates that MDA's reduce fatal crash involvements by about 13 percent for drivers in age groups affected by MDA's.

The table below presents lives saved by minimum drinking age (MDA) laws since 1982.

Year	Lives Saved by MDA's	Cumulative Lives Saved by MDA's
1982	578	578
1983	609	1,187
1984	709	1,896
1985	701	2,597
1986	840	3,437
1987 (estimate)	1,000	4,437

AIR BAG TESTING

SENATOR LAUTENBERG: If so, what entities are participating in the field test and how many mechanical air bags will be tested?

ANSWER: We have not initiated a fleet test program. We are studying contractual alternatives for procurement of the kits. We are also reviewing funding availability to determine the number of kits to be purchased.

FEDERAL MOTOR VEHICLE SAFETY STANDARD 208

SENATOR LAUTENBERG: What is the status of Federal Safety Standard 208? That is, how many States have seat belt laws? (List by State, including the measures of coverage).

ANSWER: With the enactment of a law by Georgia on February 19, 1988, the total is 32 States and the District of Columbia. West Virginia has passed a usage law in mid-March and it has gone to the Governor for signature. This will make 33 States with laws. Two documents are attached: a chart listing the status of safety belt legislation in each State, and a memorandum summarizing the contents of each measure that has been enacted.

STATE CALIFORNIA

Date enacted: October 1, 1985, effective on January 1, 1986. Amended June 2, 1986.

Occupants covered: Drivers and all passengers four and older.Driver must also ensure that all passengers four and older, but less than 16 are wearing a safety belt. Drivers of taxicabs, limousines, and emergency vehicles must ensure that any passenger four and older in the front seat is wearing a safety belt.

Vehicles covered: Private passenger motor vehicles, which includes trucks with an unloaded weight of 6,000 pounds or less; does not include a motorcycle.

Fine: Fine of not more than $20 for first offense, including court costs, and not more than $50 for subsequent offenses. (Courts may order first offenders to attend traffic or driving school in lieu of fine, penalty assessment or court costs.)

Exemptions:
1. persons with medical certificates,
2. peace officers in emergency vehicles,
3. back seat passengers in emergency vehicles,
4. rural mail carriers, and
5. persons delivering newspapers.

Mitigation: Law provides that failure to wear a safety belt "shall not establish negligence as a matter of law or negligence per se for comparative fault purposes, but negligence may be proven as a fact without regard to the violation."

Enforcement: Provides for secondary enforcement.

Education Program: No provision in the belt use law.

Percent of population: 10.5

Sunset provision: Law becomes inoperative if U.S. Department of Transportation uses California's law toward making a determination that the automatic restraint requirement is rescinded.

Insurance: No provision in the belt use law.

Other provisions:

1. If Secretary of Transportation does not issue safety standards for manual belt by September 1, 1989, no private passenger vehicle manufactuered after that date for sale or sold in California shall be registered unless it contains manual belt systems meeting the performance standards applicable to automatic crash protection devices in FMVSS 208, in effect on January 1, 1985.
2. Owners must maintain belts in good working order.
3. Every private passenger motor vehicle manufactured on or after September 1, 1989 must comply with the automatic restraint requirement; Manufacturers are subject to a fine of $500/vehicle for not complying.

STATE COLORADO

Date enacted: May 7, 1987, effective on July 1, 1987.

Occupants covered: Every driver and every front seat passenger in a motor vehicle equipped with a safety belt system. Driver is responsible for ensuring that every front seat passenger is wearing a safety belt.

Vehicles covered: All motor vehicles, including passenger cars, vans, taxis, ambulances, pickups, and motor homes; does not include motorcycles, passenger buses, school buses, or tractors. Does not apply to vehicles that "Federal law does no require to be equipped with a safety belt system."

Fine: Fine of $10 for the driver.

Exemptions:

1. A child age 4 or under, who is required to be restrained in a child restraint system.
2. A member of an ambulance team, other than the driver, while involved in patient care.
3. A peace officer while performing official duties.
4. A person with a medical certificate
5. Rural mail carriers.
6. A person driving a delivery vehicle, except that the driver must wear the safety belt before making the first pickup or delivery and after making the last pickup or delivery.

Mitigation: Law provides that evidence of failure to wear a safety belt shall be admissible to mitigate damages. However, the mitigation is limited to awards for pain and suffering. The failure to wear a safety belt "shall not be used for limiting recovery of economic loss and medical payments."

Enforcement: Provides for secondary enforcement.

Education program: Provides that highway safety division shall continue its education program.

Percent of population: 1.3

Sunset provision: "This section is repealed, effective July 1, 1989, unless statistics of the highway safety division in the state department of highways show no reduction in the number of highway deaths during the calendar year 1988 over the number of highway deaths during the calendar year 1987."

Insurance: Any insurer licensed to sell motor vehicle insurance may offer a reduction in premiums if the claims experience under the MUL so warrants.

Other provisions: Driver cannot remove safety belts or knowingly drive a vehicle from which the safety belts have been removed.

STATE CONNECTICUT

Date enacted: June 27, 1985, effective on January 1, 1986, (Jan. 1-31, 1986, verbal warnings only).

Occupants covered: Drivers and front seat passengers. Driver is responsible for securing safety belt of any passenger 4 and older, but under 16.

Vehicles covered: Passenger motor vehicles and vanpool vehicles, which does not include a recreational vehicle, or truck or bus having a rating of one ton or more.

Fine: Fine of $15.

Exemptions:
1. persons with medical certificates
2. rural mail carriers,
3. persons that deliver newspapers,
4. emergency vehicles, and
5. drivers and front seat passengers in air bag equipped cars.

Mitigation: "Failure to wear a seat safety belt shall not be considered as contributory negligence nor shall such failure be admissible evidence in any civil action."

Enforcement: Failure to wear a belt "shall not constitute probable cause for a law enforcement official to conduct a search of such vehicle and its contents."

Education Program: Provides for an education program.

Percent of population: 1.4

Sunset provision: No provision.

Insurance: Provides for evaluation and report on the effectiveness of the law by the insurance commissioner and the extent to which insurance rates reflect the experience under the law.

Other provisions:
1. No new passenger motor vehicle may be sold or registered unless it it equipped with at least 2 front safety belts for the front and rear seats.

2. No points assessed.
3. Office of Highway Safety is to evaluate the effectiveness of the law under the 402 program.

STATE DISTRICT OF COLUMBIA

Date enacted: October 18, 1985, effective on December 12, 1985 (No penalties for the first six months).

Occupants covered: Drivers and right front seat passengers. Driver is not responsible to see that passengers comply.

Vehicles covered: Vehicles with a capacity of nine or less persons, does not include vehicles manufactured before July 1, 1966, motorcycles and vehicles used for farm purposes.

Fine: Fine not to exceed $15; Mayor has authority to raise amount.

Exemptions: 1. persons with medical certificates

Mitigation: "Neither a violation of this act nor compliance with its terms shall constitute evidence of negligence, evidence of contributory negligence, or a basis for a civil action for damages. Also, a violation or compliance with this act shall not be used as a basis for mitigating damages arising from a civil liability."

Enforcement: Provides for secondary enforcement.

Education Program: Provides for an education program.

Percent of population: 0.3

Sunset provision: Law expires if it is counted by U.S. Department of Transportation in making a determination that the automatic restraint requirement is rescinded.

Other Provisions: No points assessed.

STATE FLORIDA

Date enacted: June 2, 1986; effective on July 1, 1986.

Occupants covered: Drivers and front seat passengers. Driver is also responsible to ensure that front seat passengers under the age of 16 are restrained by a safety belt or by a child restraint. Front seat passengers 16 and older must wear a safety belt.

Vehicles covered: All vehicles except school and transit buses, farm tractors or implements of husbandry, trucks with a net weight of more than 5,000 pounds, and motorcycles.

Fine: After January 1, 1987, a fine of $20, which includes court costs. Verbal warnings only from July 1, 1986 - December 31, 1986.

Exemptions:
1. persons with medical certificates, and
2. employees of newspaper home delivery service.

Mitigation: "A violation of the provisions of this section shall not constitute negligence per se nor shall such violation be used a prima facie evidence of negligence in any civil action." (The Florida Supreme Court in Insurance Company of North America v. Pasakarnis, 451 S.2d 447 (1984) has adopted the seat belt defense and permitted mitigation of damages.)

Enforcement: Provides for secondary enforcement.

Education Program: Provides for an education program.

Percent of population: 4.4

Sunset provision: No provision in the belt use law.

Insurance: Insurers are required to reflect savings and other effects associated with increased belt usage in their rates.

Other provisions: "It is the policy of this state that enactment of this section is intended to be compatible with the continued support by the state for federal safety standards requiring automatic crash protection, and the enactment of this section should not be used in any manner to rescind or delay the implementation of the federal automatic crash protection system requirements of Federal Motor Vehicle Safety Standard 208 as set forth in S4.1.2.1 thereof, as entered on July 17, 1984 for new cars."

STATE GEORGIA

Date enacted: February 19, 1988, effective on September 1, 1988.

Occupants covered: Drivers and all front deat passengers.

Vehicles covered: Passenger cars with a model year of 1965 or older; specifically excludes vehicles mounted on a truck chassis and vehicles eqiupped for off-road use.

Fine: Ordinarily, persons shall "be warned that the failure to use a safety belt is dangerous and such person shall be encouraged to comply" with the belt use law. However, the driver can be fined up to $15, if also charged with being in accident and failing to give information or render aid to the people in other vehicle, speeding, racing on highways and streets, reckless driving, driving under the influence of alcohol or drugs, causing serious injury when driving under the influence of alcohol or drugs, vehicular homicide, or fleeing or attempting to flee from a police officer.

Exemptions:
1. persons with medical certificates from Georgia or from another State or country,
2. persons frequently stopping and leaving a vehicle, or delivering property from a vehicle, if the speed of the vehicle between stops does not exceed 15 mph,

3. drivers operating cars in reverse,
4. rural letter carriers,
5. persons delivering newspapers, and
6. persons performing emergency service.

Mitigation: Law provides that failure to wear a safety belt "shall not be considered evidence or negligence, shall not be considered by the court on any question of liability, and shall not diminish any recovery for damages arising out of any motor vehicle accidents."

Enforcement: No provision in the belt use law.

Education program: No provision in the belt use law.

Percent of population: 2.4

Sunset provision: No provision.

Insurance: "Failure to wear a safety belt shall not be any basis for cancellation of coverage or increase in insurance rates."

Other provisions: Any court imposing a fine on a person convicted of not wearing a safety belt shall not forward a record of the disposition of the case to the Department of Public Safety.

STATE HAWAII

Date enacted: June 5, 1985, effective on December 16, 1985.

Occupants covered: Drivers and front seat passengers; driver also must assure that front seat passenger under the age of 15 are properly restrained. .

Vehicles covered: Motor vehicles required to have safety belts by Federal standards, but does not include emergency, commercial, for hire, mass transit vehicles, and Type I school buses.

Fine: $15 for each violation.

Exemptions:
1. persons with medical certificates
2. persons in vehicles in which all safety belts are in use and,
3. taxi drivers, when they have a passenger, and
4. as otherwise provided by administrative rules of the Hawaii Department of Transportation.

Mitigation: Law does not "change existing laws, rules, or procedures pertaining to a trial of a civil action for damages for personal injuries or death sustained in a motor vehicle accident." (No judicial precedents in Hawaii on safety belt related mitigation)

Enforcement: No provision in the belt use law.

Education Program: Provides for education program.

Percent of population: 0.4

Sunset provision: No provision.

Insurance: Provides that beginning on December 16, 1985 and ending on December 31, 1988, all insurers have to provide a 10 percent premium reduction for no-fault benefits and medical payment coverage for any vehicle equipped with safety belts.

Other provisions:
1. "This Act is intended to be compatible with support for federal safety standards requiring automatic crash protection and should not be interpreted or applied in any manner to rescind federal automatic crash protection system requirements for new motor vehicles."
2. State DOT and insurance commissioner are to evaluate the effectiveness of the law.

STATE IDAHO

Date enacted: April 4, 1986, effective on July 1, 1986.

Occupants covered: Drivers and front seat passengers.

Vehicles covered: Motor vehicles with a gross vehicle weight of 8,000 pounds or less and which were manufactured with a safety belt.

Fine: $5 for each violation.

Exemptions:
1. persons with a written statement from a doctor,
2. occupants of emergency vehicles,
3. occupants of implements of husbandry, and
4. occupants in front seats in which all safety belts are being used.

Mitigation: No provision in the belt use law. (In Hansen v. Miller, 460 P.2d 739 (1969), the court held that evidence on belt use was inadmissible.)

Enforcement: Provides for secondary enforcement.

Education Program: Provides for education program (funded by private donations or federal funds) and for an evaluation program.

Percent of population: 0.4

Sunset provision: No provision.

Insurance: Violations of the use requirement are not moving traffic violations for the purposes of establishing vehicle insurance rates.

Other provisions:
1. no points can be assessed for violation.

2. Idaho DOT is to evaluate the effectiveness of the law under the 402 program.

STATE ILLINOIS

Date enacted: January 8, 1985, effective on July 1, 1985

Occupants covered: Drivers and front seat passengers. Driver is responsible for securing children six or older but less than sixteen.

Vehicles covered: Vehicles manufactured after January 1, 1965, except for vehicles which are not required by Federal law to have safety belts, and motorcycles and mopeds.

Fine: not to exceed $25.

Exemptions:

1. persons with medical certificates for medical or physical reasons or possessing a certification issued by another state for medical, physical, or other valid reasons (NHTSA is treating this provision as exempting a person who is "unable" to wear a safety belt , similar to a medical determination. ,
2. rural letter carriers,
3. drivers and passengers of delivery vehicles (frequent stops, speed less than 15 mph), and
4. vehicles operating in reverse.

Mitigation: "Failure to wear a seat safety belt in violation of this Section shall not be considered evidence of negligence, shall not limit the liability of an insurer, and shall not diminish any recovery for damages arising out of the ownership, maintenance, or operation of a motor vehicle."

Enforcement: No provision in the belt use law. (legislative history on secondary enforcement)

Education Program: No provision in the belt use law.

Percent of population: 5.0

Sunset provision: No provision.

Insurance: No provision in the belt use law.

STATE INDIANA

Date enacted: May 17, 1985, effective on July 1, 1987.

Occupants covered: Drivers and front seat passengers.

Vehicles covered: Passenger motor vehicles equipped with safety belts meeting Standard No. 208, includes buses, school buses and private buses, but does not include trucks, tractors, and recreational vehicles.

Fine: Fine of up to $25, cannot assess court costs.

Exemptions:
1. persons with medical certificates
2. rural mail carriers,
3. front seat occupants in commercial or U.S. Postal Service delivery vehicles,
4. newspaper route carriers and bundle handlers.
5. Driving examiner conducting an examination of an applicant for a driver's permit or license.

Mitigation: "Failure to comply with this chapter does not constitute fault under IC 34-4-33 and does not limit the liability of an insurer. Evidence of the failure to comply with this chapter may not be admitted in any civil action to mitigate damages."

Enforcement: Provides for secondary enforcement.

Education Program: Provides for an education program.

Percent of population: 2.4

Sunset provision: No provision.

Other provisions: No points assessed.

STATE IOWA

Date enacted: February 20, 1986

Effective date: effective on July 1, 1986, (July 1, 1986 - December 31, 1986, warnings only).

Occupants covered: Drivers and front seat passengers.

Vehicles covered: Model year 1966 and later motor vehicles; does not include motorcycles or mopeds.

Fine: Fine of $10.

Exemptions:
1. persons with medical certificates,
2. rural mail carriers,
3. drivers and front seat occupants in delivery vehicles (frequent entry and exit, speed not greater than 25 mph),
4. front seat occupants, except driver, in emergency vehicles and
5. passengers on bus.

Mitigation: No provision in the belt use law. (§321.445(4)(a) of the Iowa code provides for mitigation of not more than 5 percent)

Enforcement: No provision in the belt use law.

Education Program: Provides for an education program.

Percent of population: 1.3

Sunset provision: No provision in the belt use law.

Other provisions:
1. No points can be assessed.
2. Model year 1966 and later vehicles must be equipped with safety belts.
3. Drivers and passengers can be charged separately.

STATE KANSAS

Date enacted: May 1, 1986, effective on July 1, 1986, (July 1, 1986 - June 30, 1987, warnings only).

Occupants covered: Drivers and front seat passengers.

Vehicles covered: vehicles carrying 10 passenger or less, including vans, which are required by FMVSS 208 to have safety belts; but does not include vehicles constructed on a truck chassis with gross weight of more than 12,000 pounds, farm trucks with a gross weight of more than 16,000 pounds, off-road vehicles, motorcycles and trailers.

Fine: On and after July 1, 1987, a fine of not more than $10, including court costs.

Exemptions:
1. persons with medical certificates,
2. carriers of mail, while along their routes, and
3. newspaper delivery persons.

Mitigation: Provides that "evidence of failure of any person to use a safety belt shall not be admissible in any action for the purpose of determing any aspect of comparative negligence or mitigation of damages."

Enforcement: Provides for secondary enforcement.

Education Program: Provides for an education program.

Percent of population: 1.0

Sunset provision: No provision in the belt use law.

Other provisions:
1. Provides that "passage of this act shall not be interpreted to obviate the requirement of occupant crash protection as contained in 49 CFR 571.208. . . ."
2. Provides that after July 1, 1986, "a manufacturer of a motor vehicle sold in this state which is equipped with safety belts in compliance with federal motor vehicle safety standard no. 208, shall provide for a ten-year warranty on such safety belts." For the purposes of this section, motor vehicle means any motor vheicle which is registered with a gross weight of 12,000 pounds or less; does not include the customized parts of motor vehicles which have been added or modified by second stage manufacturers and converters.
3. Provides for evaulation of the effectiveness of the law to be reported as a part of the 402 program.

STATE LOUISIANA

Date enacted: July 10, 1985, effective on August 1, 1986 (warnings only from June 30, 1986, July 31, 1986).

Occupants Covered: Drivers and front seat passengers.

Vehicles Covered: Passenger cars manufactured after January 1, 1968.

Fine: Fine of $25, including all court costs.

Exemptions:
1. persons with medical certificates, and
2. rural mail carriers.

Mitigation: "In any action to recover damages arising out of the ownership, common maintenance, or operation of a motor vehicle, failure to wear a safety belt in violation of this Section shall not be considered evidence of comparative negligence. Failure to wear a safety belt in violation of this Section may be admitted to mitigate damages, but only when the party offering such evidence proves that (1) there was a functioning safety belt available to the injured party; (2) the injured party failed to use a safety belt; (3) the failure to use a safety belt contributed to the party's injuries; (4) the use of a safety belt would have reduced the injured party's damages in an amount equal to or in excess of the amount of mitigation sought. In no event shall the award of damages be reduced by more than two percent for the nonuse of a safety belt."

Enforcement: Provides for secondary enforcement.

Education Program: Provides for an education program.

Percent of population: 1.9

Sunset provision: No provision in the belt use law.

Insurance: No provision in the belt use law.

STATE MARYLAND

Date enacted: May 13, 1986; effective on July 1, 1986.

Occupants covered: Drivers and all passengers 16 years or older in front outboard seats. In addition, driver must ensure that front seat outboard passengers less than 16 are either wearing a safety belt or are in an approved child safety seat.

Vehicles covered: Motor vehicles, which are defined as passenger cars and multipurpose vehicles, that are required by Standard No. 208 to have a safety belt. Does not include historic vehicles.

Fine: Not more than $25, including court costs.

Exemptions:
1. persons with medical certificates,

Mitigation: Provides that the law "failure of an individual to use a seat belt in violation of this section may not: (I) be considered evidence of negligence; (II) be considered evidence of contributory negligence; (III) limit liability of a party or an insurer; or (IV) diminish recovery for damages arising out of the ownership, maintenance, or operation of a motor vehicle."

Enforcement: Provides for secondary enforcement.

Education Program: Provides for prevention and education program.

Percent of population: 1.9

Sunset provision: No provision.

Insurance: Insurance commissioner is to report to the 1988, 1989, and 1989 legislative sessions about the effects of the law on insurance rates.

Other provisions:
1. Information of the effectiveness of the law is to be included in the 402 report.
2. In civil actions, parties cannot refer to safety belts, unless the suit is related to the design, manufacture, installation, supply, or repair of a safety belt.
3. Law does not limit the right of a person "to institute a civil action for damages against a dealer, manufacturer, distributor, factory branch, or other appropriate entity arising out of an incident that involves a defectively installed or defectively operating seat belt."

STATE MICHIGAN

Date enacted: March 8, 1985, effective on July 1, 1985.

Occupants covered: Drivers and front seat passengers. Driver must ensure children (4-16) in the front seat are wearing a safety belt.

Vehicles covered: All motor vehicles manufactured after January 1, 1965, except for vehicles which are not required by Federal law to have safety belts, buses, motorcycles, school buses, and mopeds.

Fine: Not to exceed $10 until January 1, 1986, after that date the fine and court costs shall be $25.

Exemptions:
1. persons with medical certificates,
2. rural mail carriers, and
3. drivers of commercial and U.S. Postal Service delivery vehicles.

Mitigation: "Failure to wear a safety belt in violation of this section may be considered evidence of negligence and may reduce the recovery for damages arising out of the ownership, maintenance, or operation of a motor vehicle. However, such negligence shall not reduce the recovery for damages by more than 5%."

Enforcement: Provides for secondary enforcement.

Education Program: Provides for education program.

Percent of population: 4.1

Sunset provision: Provides that the law will not apply after April 1, 1989, if the U.S. government requires the installation of passive restraints in new cars, whether by statute, administrative rule, court decision or in any other way.

Insurance: No provision in the belt use law.

Other provisions: No points assessed.

State: Minnesota

Date enacted: February 24, 1986, effective on August 1, 1986.

Occupants covered: Drivers and front seat passengers and passengers under the age of 11 riding in any seat.

Vehicles covered: Passenger vehicles manufactured after January 1, 1965. Passenger vehicle includes passenger cars, pickup trucks, vans, recreational vehicles; does not include motorcycles, mopeds, buses, school buses, farm trucks, and special mobile equipment.

Fine: No fine.

Exemptions:
1. persons with medical certificates,
2. rural mail carriers,
3. delivery persons (frequent entry and exit, speed not greater then 25 mph),
4. persons driving in reverse, and
5. persons riding in a pickup truck engaged in a farm work.

Mitigation: No provision in the belt use law. (Minnesota has a separate statute prohibiting admission of evidence on the issue of safety belt use.)

Enforcement: No provision in the belt use law.

Education Program: No provision in the belt use law.

Percent of population: 1.8

Sunset provision: No provision in a belt use law.

Insurance: No provision in the belt use law.

Other provisions: Law provides that it "is intended to be compatible with support for federal standards requiring automatic crash protection and should not be used in any manner to rescind federal automatic crash protection system requirements for new vehicles."

STATE MISSOURI

Date enacted: March 5, 1985, effective on September 28, 1985.

Occupants covered: Drivers and front seat passengers. Driver required to secure children less than four in a child restraint and secure children (4-16) riding in the front seat in a safety belt.

Vehicles covered: All passenger cars manufactured after January 1, 1968. Does not apply to motorcycles, mopeds and trucks.

Fine: Not to exceed $10 for violations after July 1, 1987.

Exemptions:

1. persons with medical reason for not wearing safety belts (no medical certificate required), and
2. U.S. Postal Service employees while performing the duty of servicing postal boxes from their vehicles or who are required to make frequent entry into and exit from their vehicles.

Mitigation: Provides that "trier of fact may find that the plaintiff's failure to wear a safety belt in violation of this section contributed to the plaintiff's claimed injuries, and may reduce the amount of plaintiff's recovery by an amount not to exceed one percent of the damages awarded after any reductions for comparative negligence."

Enforcement: Provides for secondary enforcement.

Education Program: Provides for public education program.

Percent of population: 2.2

Sunset provision: Law becomes null and void if U.S. Secretary of Transportation makes a determination, by April 1, 1989, that sufficient states have not enacted safety belt use laws meeting the criteria set in Standard No. 208.

Insurance: No provision in the belt use law.

Other provisions: No driver license points can be assessed for violation. Effectiveness of law is to be evaluated as part of 402 program.

STATE MONTANA

Date enacted: April 9, 1987, effective October 1, 1987. No fines for violation until January 1, 1988.

Occupants covered: Each occupant of a designated seating position. Driver is responsible for all occupants.

Vehicles covered: All motor vehicles, except motorcycles and vehicles licensed as "special mobile equipment".

Fine: $20

Exemptions:
1. persons with a medical certificate.
2. occupant of a vehicle in which all seatbelts are being used by other vehicle occupants.
3. children subject to the child restraint use law.
4. "occupant who makes frequent stops with a motor vehicle in his official job duties and who is exempted by the Montana Department of Justice."

Mitigation: Evidence of compliance or failure to comply with the MUL is not admissible in any civil action and failure to comply with the MUL does not constitute negligence.

Enforcement: Provides for secondary enforcement.

Education program: Montana highway traffic safety division shall continue its public information program.

Percent of population: 0.4

Sunset provision: No provision in the belt use law.

Insurance: "No insurance company shall hold a violation of [the belt use law] against the insured, and there may be no increase in premiums due to a violation of [the belt use law]."

Other provisions:
1. Violations of the belt use law may not be charged against the driver's record.
2. Violations of the belt use law are not considered misdemeanors under the Montana Traffic Code.

STATE NEVADA

Date enacted: June 15, 1987, effective on July 1, 1987.

Occupants covered: Drivers and all passengers 5 years of age or older. Driver is responsible for violations by passengers 5 years of age or older, but under 18 years of age.

Vehicles covered: Passenger cars manufactured on or after the dates on which safety belts were required to be installed as standard equipment.

Fine: Fine of not more than $25. Alternatively, courts may sentence offenders to perform a certain number of hours of work for the community.

Exemptions:
1. Persons with a medical certificate.
2. Rural mail carriers.
3. Driver or passengers in a vehicle that is stopping frequently, the speed of the vehicle does not exceed 15 mph between stops, and the driver or passenger frequently leave the vehicle or deliver property from the vehicle.

4. Passengers on public transportation, including a taxi, school bus, or emergency vehicle.

Mitigation: Failure to wear safety belt "may not be considered as negligence or as causation in any civil action, or as negligent or reckless driving." Additionally, failure to wear belts "may not be considered as causation in any action brought to recover damages for injury to a person."

Enforcement: Provides for secondary enforcement.

Education program: No provision in the belt use law.

Percent of population: 0.4

Sunset provision: Law expires on the date on which the Secretary of the United States Department of Transportation rescinds the automatic restraint requirements in Standard No. 208. However, the law does not expire if the decision to rescind the automatic requirements is not based, in any respect, on the enactment or continued operation of the Nevada belt use law.

Insurance: No provision in the belt use law.

Other provisions: The Nevada Department of Motor Vehicles "shall exempt those types of motor vehicles or seating positions from the requirements of [the belt use law] when compliance would be impractical."

STATE NEW JERSEY

Date enacted: November 8, 1984, effective on March 1, 1985

Occupants covered: Drivers and front seat passengers. Driver also required to secure children (5-18) riding in front seat in a safety belt.

Vehicles covered: Passenger automobiles manufactured after July 1, 1966, except for vehicle which are not required by Federal law to have a safety belt.

Fine: $20.

Exemptions:
1. persons with medical certificates
2. rural letter carriers

Mitigation: Does not change "existing laws, rules, or procedures pertaining to a trial of a civil action for damages for personal injuries or death sustained in a motor vehicle accident." (Caselaw in New Jersey is unsettled.)

Enforcement: Provides for secondary enforcement.

Education Program: Provides for education program.

Percent of population: 3.2

Sunset provision: No provision in the belt use law.

Insurance: No provision in the belt use law.

Other provisions: No points can be assessed for violation. DMV is to study effectiveness of the law.

STATE NEW MEXICO

Date enacted: April 2, 1985, effective on January 1, 1986.

Occupants covered: Drivers and front seat passengers.

Vehicles covered: Passenger cars manufactured with safety belts in compliance with Standard No. 208.

Fine: Fine not less than $25 nor more than $50, including court costs.

Exemptions:
1. persons with medical certificates, and
2. rural mail carriers.

Mitigation: "Failure to be secured by a child passenger restraint device or by a safety belt as required by the Safety Belt Use Act shall not in any instance constitute fault or negligence and shall not limit or apportion damages."

Enforcement: Provides for primary enforcement.

Education Program: Provides for an education program.

Percent of population: 0.6

Sunset provision: No provision in the belt use law.

Insurance: No provision in the belt use law.

Other provisions: Effectiveness of the law is to be evaluated as part of the 402 program.

STATE NEW YORK

Date enacted: July 12, 1984, effective on December 1, 1984.

Occupants covered: Drivers and front seat passengers. Driver must ensure all back seat passenger under the age of four are in child safety seats and any other passengers under 10 is wearing a safety belt and all front seat passenger under the age of 16 are wearing a safety belt.

Vehicles Covered: All vehicles except taxis, liveries, tractors, trucks with a maximum gross weight of 18,000 pounds or more, emergency vehicles, and buses, including school buses.

Fine: Up to $50.

Exemptions:
1. persons with medical certificates.

Mitigation: Non-compliance "may be introduced into evidence in mitigation of damages provided the party introducing said evidence has pleaded such non-compliance as an affirmative defense."

Enforcement: No provision in the belt use law.

Education Program: Provides for an education program.

Percent of population: 7.7

Sunset provision: No provision in the belt use law.

Insurance: No provision in the belt use law.

STATE NORTH CAROLINA

Date enacted: May 23, 1985, effective on October 1, 1985 (warnings only from October 1, 1985 to December 31, 1986).

Occupants covered: Drivers and front seat passengers. Driver is responsible to see that front seat passenger less than 16 are secured in a child safety seat or a safety belt.

Vehicles covered: Passenger motor vehicles manufactured with safety belts meeting Standard No. 208; a passenger motor vehicle means a vehicle carrying 10 or fewer passengers, but does not include motorcycles, mopeds or trailers.

Fine: Fine of $25, cannot be assessed any court costs; (warnings only from October 1, 1985 to December 31, 1986)

Exemptions:
1. persons with medical or physical condition or professionally certified mental phobia,
2. rural mail carriers, and
3. drivers and passenger of delivery vehicles (frequent stops and speed does not exceed 20 mph), and
4. property-carrying vehicles being used for commercial and agricultural purposes.

Mitigation: "Failure to wear a seat safety belt in violation of this section shall not constitute negligence or contributory negligence in any action for the recovery of damages arising out of the operation, ownership or maintenance of a motor vehicle, nor shall anything in this act change any existing law, rule or procedure pertaining to any such civil action." (In Miller v. Miller, 273 N.C. 228 (1968), the North Carolina Supreme Court held that failure to wear a safety belt cannot be used to prove contributory negligence or to invoke the doctrine of avoidable consequences.) (the prohibition is in the common law; the prohition is not in the words of the statute.)

Enforcement: No provision in the belt use law.

Education Program: Provides for an information program in the driver education and drivers licensing programs.

Percent of population: 2.6

Sunset provision: The law will "cease to be effective if and upon such date as a final determination by lawful authority is made that the North Carolina law on mandatory safety belt usage does not meet the minimum criteria established by the United States Department of Transportation for State mandatory safety belt usage laws necessary to rescind the federal rule requiring automobile manufacturers to phase in automatic occupant restraints in automobiles. "

Insurance: No insurance surcharge can be assesed for violation of the law.

Other provisions:
1. No driver licensing points can be assessed for violation of the law.
2. State DOT is to evaluate the effectiveness of the law through the highway safety program.

STATE OHIO

Date enacted: February 4, 1986, effective on May 5, 1986.

Occupants covered: Drivers and front seat passengers. Driver is also responsible to see that front seat passengers are wearing their safety belts.

Vehicles covered: Automobiles, which includes commercial tractors, passenger cars, commercial cars, and trucks which are required by Federal regulations to have a safety belt.

Fine: Fine of $20 for the driver and a $10 fine for the driver if a passenger is not wearing a safety belt; the total amount of the driver's fine for each passenger not wearing a belt is $30. Passengers not wearing a safety belt must also pay a $10 fine. (Courts have authority to dismiss charge and waive fine if person proves that he or she has seen a safety belt education film or videotape.)

Exemptions:
1. persons with affidavit signed by doctor,
2. employees of U.S. Postal Service,
3. employees of a newspaper delivery service, and
4. drivers and passengers in air bag equipped cars.

Mitigation: Failure to wear a safety belt "shall not be considered or used as evidence of negligence or contributory negligence, shall not diminish recovery for damages in any civil action involving the person arising from the ownership, maintenance, or operation of an automobile."

Enforcement: Provides for secondary enforcement.

Education Program: Provides for an education program.

Percent of population: 4.8

Sunset provision: No provision.

Insurance: No provision in the belt use law.

STATE OKLAHOMA

Date enacted: June 4, 1985, effective on February 1, 1987.

Occupants covered: Drivers and front seat passengers.

Vehicles covered: Passenger cars required by Standard No. 208 to have safety belts; does not include trucks, pick-up trucks, truck-tractors, recreational vehicles, vans, motorcycles or mopeds.

Fine: Fine of $10 and court costs of $15.

Exemptions:
1. persons with medical certificates, and
2. route carriers of the U.S. Postal Service.

Mitigation: "Nothing in this act shall be used in any civil proceeding in this state and the use or nonuse of seat belts shall not be submitted into evidence into any civil suit in Oklahoma."

Enforcement: Provides for secondary enforcement.

Education Program: Provides for education program.

Percent of population: 1.3

Sunset provision: No provision in the belt use law.

Insurance: No provision in the belt use law.

Other provisions:
1. No points can be assessed.
2. Effectiveness of the law is to be evaluated as a part of 402 program.

STATE OREGON

Date enacted: June 26, 1987, and subject to public referendum in November 1988. If approved by voters, law becomes effective January 1, 1989.

Occupants covered: Drivers and all passengers 16 years of age and older. Driver must ensure that all passengers under age 16 are properly secured by either a child restraint system or a safety belt.

Vehicles covered: All motor vehicles, including pickup trucks with a combined weight of less than 8,000 pounds. Does not apply to privately owned commercial vehicles or vehicles not required to be equipped with safety belts at the time the vehicle was manufactured.

Fine: Fine of not more than $50; however, no minimum fine is established for a violation.

Exemptions:
1. persons with medical certificates.
2. passenger in a vehicle if all seating positions in the vehicle are occupied by other persons.
3. persons who are being transported while in the custody of a law enforcement official.
4. persons delivering newspapers or mail in the regular course of work.
5. persons riding in an ambulance, if being secured by a safety belt would substantially inhibit the administration of medical aid.

Mitigation: "A violation of this section shall not be considered under any circumstances to be negligence nor shall evidence of such a violation be admissible in any civil action."

Enforcement: No provision in the belt use law.

Education program: No provision in the belt use law.

Percent of population: 1.2

Sunset provision: No provision.

Insurance: No provision in the belt use law.

Other provisions:
1. The belt use law will be submitted to a referendum for approval or rejection in November 1988.
2. Owners must maintain belts in good working order.

STATE PENNSYLVANIA

Date enacted: November 23, 1987; verbal warnings only until March 22, 1988.

Occupants covered: Drivers and front seat passengers 4 years of age or older.

Vehicles covered: Passenger cars, motor homes, and Class I and II trucks manufactured on or after July 1, 1966.

Fine: Ten dollars, and cannot be convicted unless also convicted of another violation which occurred at the same time.

Exemptions:
1. persons with a medical certificate,
2. rural letter carriers, and
3. drivers who make frequent stops and travel at less than 15 mph for the purpose of delivering goods or services.

Mitigation: "In no event shall a violation or alleged violation of the belt use law be used as evidence in a civil action, nor shall a failure to wear a belt be considered as contributory negligence, nor shall failure to wear a belt be admissible as evidence in any civil action."

Enforcement: Provides for secondary enforcement.

Education program: Provides for an education program.

Percent of population: 5.2

Sunset provision: Law becomes inoperative upon the date on which the Secretary of Transportation rescinds the automatic restraint requirements in Standard No. 208. However, the law does not become inoperative if the Secretary's decision to rescind the automatic restraint requirements is not based in any respect on the enactment or continuing operation of the Pennsylvania belt use law.

Insurance: "An insurer may not charge an insured who has been convicted of a violation of this section a higher premium for a policy of insurance in whole or in part by reason of that conviction."

Other provisions:
1. No points shall be assessed for violating this law.
2. The enactment of the law is intended to be compatible with support for Federal requirements for automatic occupant protection.

STATE TENNESSEE

Date enacted: April 21, 1986; fines for violations on or after January 1, 1987.

Occupants covered: Drivers and front seat passengers. Driver must also ensure that front seat passengers 4 years or older are wearing a safety belt.

Vehicles covered: Passenger motor vehicles, which means any motor vehicle with a GVWR of 8500 pounds or less that is required by Federal law to be equipped with safety belts; does not include a vehicle which is used as a public or livery conveyance for passengers.

Fine: Warning only for the first violation; for subsequent violations a fine of not more than $50. No court costs can be assessed. Persons that do not contest the violation can submit a $20 fine.

Exemptions:
1. persons with medical certificates, and
2. rural mail carrier,
3. vehicle salespersons and mechanics test driving a motor vehicle (exemption only applies to dealerships that test driver 50 or more vehicles/day within one mile of the dealership).
4. utility workers, water, gas and electric meter readers, and
5. newspaper delivery service.

Mitigation: "In no event shall failure to wear a safety belt be considered as contributory negligence, nor shall such failure to wear said safety belt be admissible as evidence in a trial of any civil action."

Enforcement: Provides for secondary enforcement.

Education Program: Provides for an education program.

Percent of population: 2.0

Sunset provision:
1. "The provisions of this act shall cease to be effective and are hereby repealed effective June 30, 1990.
2. "The provisions of this act shall be null and void if the United States Secretary of Transporation does not include Tennessee within the population necessary to prevent the requirement that air bags be required in motor vehicle pursuant to federal regulations."

Insurance: Provides for a study of the effect of the act on insurance rates.

Other provisions:
1. Provides for a $25-50 fine for buying, selling, leasing, trading, or transfering a 1969 model and later passenger motor vehicle unless it is equipped with safety belts.
2. Provides for an evaluation of the effectiveness of the law.

STATE TEXAS

Date enacted: June 16, 1985, effective on December 1, 1985.

Occupants covered: Drivers and front seat passengers.

Vehicles covered: Passenger cars, which includes a truck with a rated carrying capacity of 1,500 pounds or less.

Fine: Fine of not less than $25 and not more than $50.

Exemptions:
1. persons with medical certificates, and
2. employees of the U.S. Postal Service who must service postal boxes from their vehicles or who must make frequent entry into and exit from their vehicles.

Mitigation: "Use or nonuse of a safety belt is not admissible evidence in a civil trial."

Enforcement: No provision in the belt use law.

Education Program: Provides for an education program.

Percent of population: 6.3

Sunset provision: No provision in the belt use law.

Insurance: No provision in the belt use law.

Other provisions: As part of inspection program, every vehicle must have safety belts if it originally came with them.

STATE UTAH

Date enacted: March 18, 1986, effective on May 18, 1986.

Occupants covered: Drivers and front seat passengers. Drivers must ensure that children (5-17) are secured in safety belts.

Vehicles covered: Motor vehicles manufactured after July 1, 1966 which are required to be equipped under Federal law with a safety belt.

Fine: Fine of $10.

Exemptions:
1. persons with medical certificates,
2. rural mail carriers, and
3. pickup and delivery vehicles.

Mitigation: "The failure to wear a safety belt does not constitute contributory or comparative negligence, and may not be introduced as evidence in any civil litigation on the issue of injuries or on the issue of mitigation of damages."

Enforcement: Provides for secondary enforcement.

Education Program: No provision in the belt use law.

Percent of population: 0.7

Sunset provision: No provision in the belt use law.

Insurance: No provisions in the belt use law.

Other provisions: No points can be assessed.

STATE VIRGINIA

Date enacted: March 27, 1987, effective on January 1, 1988.

Occupants covered: Drivers and front seat passengers that are at least 16 years old. Drivers must ensure that children (4-16) are secured in safety belts. Children under the age of 4 must be in child restraints.

Vehicles covered: Passenger cars manufactured in 1963 and subsequent years (see §46.1-309.1(a) of the Virginia Code)

Fine: Fine of $25; no court costs can be assessed.

Exemptions:
1. persons with medical certificates,
2. rural mail carriers,
3. law enforcement officers transporting prisoners or traveling in circumstances which render the wearing of a safety belt impractical,

4. taxi drivers, and
5. rural newpaper route carrier, newspaper bundle haulers and newspaper rack carriers.

Mitigation: "A violation of this section shall not constitute negligence, be considered in mitigation of damages of whatever nature, be admissible in evidence or be the subject of comment by counsel in any action for the recovery of damages arising out of the operation, ownership, or maintenance of a motor vehicle, nor shall anything in this section change any existing law, rule or procedure pertaining to any such civil action." (Virginia previously had a similar statutory provision (§46.1-309.1(b)) that stated that a failure to wear a safety belt "shall not be deemed negligence." In Wilson v. Volkswagen of America, Inc., 445 F. Supp 1368 (E.D. Va. 1978) the court held that the Virginia statute allowed the introduction of belt nonuse for the purposes of mitigation. Virginia subsequently amended its statute to expressily bar mitigation.)

Enforcement: Provides for secondary enforcement.

Education Program: Provides for an educational program.

Percent of population: 2.4

Sunset provision: No provision in the belt use law.

Insurance: No provisions in the belt use law.

Other provisions: No points can be assessed.

STATE WASHINGTON

Date enacted: March 31, 1986, effective on June 11, 1986. (Written warnings only from June 11, 1986 until January 1, 1987).

Occupants covered: Drivers and all passengers 16 years or older. In addition, driver must ensure that all passengers less than 16 are either wearing a safety belt or are in an approved child safety seat.

Vehicles covered: Motor vehicles that are required by Standard No. 208 to have a safety belt, includes cars, trucks and MPV's.

Fine: $25, although the Supreme Court of Washington has authority to establish a different level. It has not done so. Local courts have the authority to reduce the fine.

Exemptions:
1. persons with medical certificates (law provides that doctors cannot be liable for civil damages for refusing to issue a certificate) and
2. commission on equipment may adopt rules exempting drivers and passengers of vehicles that are required to make frequent stops, farm vehicles, and construction equipment.

Mitigation: The belt use law provides that "Failure to comply with the requirements of this section does not constitute negligence, nor may failure to wear a safety belt assembly be admissible as evidence of negligence in any civil action."

Enforcement: Provides for secondary enforcement.

Education Program: No provisions in belt use law.

Percent of population: 1.8

Sunset provision: No provision.

Insurance: Notice of violations of the safety belt use requirement shall not be available to insurance companies.

Other Provisions: Provides for an evaluation program.

STATE WISCONSIN

Date enacted: November 27, 1987, effective December 1, 1987.

Occupants covered: Drivers and all passengers 4 years of age and older; driver is responsible for violations by passengers between the ages of 4 and 15.

Vehicles covered: All motor vehicles, except taxicabs, required to be equipped with safety belts by Standard No. 208.

Fine: Not less than $10, and not more than $200.

Exemptions:
1. Persons with a medical certificate,
2. Law enforcement officers, in situations where wearing a belt would endanger the safety of the officer or others,
3. Drivers or passengers while on a route requiring them to make more than 10 stops per mile involving an exit from the vehicle in the scope of employment,
4. Rural letter carriers and newspaper deliveries,
5. Land surveying crews conducting surveys along or upon the highway, and
6. Farm trucks being used to plant or harvest crops and not being operated on the highway.

Mitigation: Non-compliance is admissible in civil actions, but cannot be used to reduce damages by moe than 15%.

Enforcement: Provides for secondary enforcement.

Education program: No provisions in this law.

Percent of population: 2.1

Sunset provision: The law does not apply after June 30, 1989, or on the first day of the first month after the Wisconsin Secretary of Tranportation certifies to the governor that, with the Wisconsin law, 2/3 of the U.S. population is covered by State safety belt use laws that meet the criteria set forth in Standard No. 208; whichever is earlier.

Insurance: The Wisconsin Commissioner of Insurance shall staudy and make recommendations regarding the feasibility of requiring insurers to offer motor vehicle insurance policies that require all passengers in the insured motor vehicle to wear belts as a conditoin of coverage, and the feasibility of requiring insurers to offer a discount in motor vehicle insurance premiums for safety belt users.

Other provisions:

1. Legislative council is to study the impact of this mandatory use law on fatalities and injuries in Wisconsin, the number of prosecutions and fines for violations, and the number of vehicles with automatic restraints sold in the State and the number of fatalities and injuries in vehicles equipped with automatic restraints.

States that have repealed previously enacted belt use laws in November, 1986 referendum elections.

STATE MASSACHUSETTS

Date enacted: October 22, 1985, effective on January 1, 1986; repealed November, 1986.

Occupants covered: Drivers and all passengers; Drivers also have to assure that passengers under the age of 16 are wearing a safety belt.

Vehicles covered: Motor vehicles, but does not include buses, vehicles manufactured before July 1, 1966 or vehicles which did not have safety belts installed as original equipment.

Fine: Fine of $15 for the driver and any passenger 16 and over; in addition, the driver can be assessed an additional fine of $15 for each passenger under the age of 16 who is not wearing a safety belt.

Exemptions:

1. persons with medical certificates (physicians cannot be subject to civil liability for failing to issue a certificate)
2. rural mail carriers,
3. drivers and passengers in delivery vehicles (speed between stops cannot exceed 15 mph)
4. on-duty police officers,
5. children less than 5 who are required to be in child safety seats, and
6. persons riding in vehicles in which all belts are in use.

Mitigation: Failure to wear a safety belt "shall not be used as evidence in any civil action."

Enforcement: Provides for secondary enforcement.

Education Program: Provides for an education program.

Percent of population: 2.5

Sunset provision: No provision in the belt use law.

Insurance: Insurance commissioner is to set the premium for bodily injury coverage to reflect "the savings attributable to the increased use of safety belts." No insurance surcharges for violations of belt use law.

Other provisions:

1. "The passage of this act shall not be interpreted to rescind the requirements of occupant crash protection as contained in 49 Code of Federal Regulations 571.208."
2. The law provided for a referendum on the mandatory use requirement.
3. The law also provided that any vehicle offered for sale or registered which is manufactured on or after September 1, 1989 must be equipped with passive restraints; Provided for fine of $100 per vehicle for manufacturers that do not comply.
4. Vehicle inspection regulations require safety belt to be maintained in good order.

STATE NEBRASKA

Date enacted: June 5, 1985, effective on September 6, 1985; repealed November, 1986.

Occupants Covered: Drivers and front seat passengers; driver is also responsible to see that a front seat child passenger who is four or more but less than sixteen is secured in a safety belt.

Vehicles Covered: All 1973 and later vehicles, except motorcycles, mopeds, and buses.

Fine: Fine of $25 (no court costs).

Exemptions:

1. persons with medical certificates, and
2. rural mail carriers.

Mitigation: "Evidence that a person was not wearing a seat belt at the time he or she was injured shall not be admissible in regard to the issue of liability or proximate cause, but may be admissible as evidence concerning mitigation of damages, except that it shall not reduce recovery for damages by more than five per cent."

Enforcement: Provides for secondary enforcement.

Education Program: No provision in the belt use law.

Percent of population: 0.7

Sunset provision: No provision in the belt use law.

Insurance: No provision in the belt use law.

Other provisions: All 1973 model year and later vehicles, except motorcycles, mopeds and buses, must be equipped with two front safety belt that meet the requirements of Standard No. 208 that are currently in effect or were in effect when the vehicle was produced. Selling a vehicle without safety belts is a misdemeanor. No points can be asessed.

3/15/88
NTS-021

SAFETY BELT USE LEGISLATIVE ACTIVITY

STATE	SIGNED	EFFECTIVE	FINES AFTER	1988 LEGISLATIVE STATUS
ALABAMA				
ALASKA				Use - Passed House'87
ARIZONA				Use - Passed House Cmte.
ARKANSAS				(No regular session)
CALIFORNIA	10/1/85	1/1/86	*	
COLORADO	5/7/87	7/7/87	*	
CONNECTICUT	6/27/85	1/1/86	1/31/86	
DELAWARE				Use - Introduced '87; Refer. Introduced
DIST.OF COLUMBIA	10/22/85	12/12/85	6/12/86	
FLORIDA	6/2/86	7/1/86	1/1/87	
GEORGIA	2/19/88	9/1/88		Use - ENACTED
HAWAII	6/5/85	12/16/85	*	
IDAHO	4/4/86	7/1/86	*	
ILLINOIS	1/8/85	7/1/85	*	
INDIANA	4/17/85	7/1/87	*	
IOWA	2/20/86	7/1/86	1/1/87	Repeal - Did not pass
KANSAS	5/1/86	7/1/86	7/1/87	
KENTUCKY				
LOUISIANA	7/10/85	7/1/86	8/1/86	
MAINE				
MARYLAND	5/13/86	7/1/86	*	
MASSACHUSETTS	10/22/85	(1/1/86 to 12/4/86)**		Use - Re-introduced
MICHIGAN	3/8/85	7/1/85	*	
MINNESOTA	2/24/86	8/1/86	No fine	To impose fine - Did not pass.
MISSISSIPPI				Use - Passed Senate
MISSOURI	3/5/85	9/28/85	7/1/87	
MONTANA	4/9/87	10/1/87	1/1/88	
NEBRASKA	6/5/85	(9/6/85 to 11/30/86)**		
NEVADA	6/15/87	7/1/87	*	
NEW HAMPSHIRE				
NEW JERSEY	11/8/84	3/1/85	*	
NEW MEXICO	4/2/85	1/1/86	*	
NEW YORK	7/12/84	12/1/84	1/1/85	Repeal & refer.-Intro.'87
NORTH CAROLINA	5/23/85	10/1/85	1/1/87	
NORTH DAKOTA				(No regular session)
OHIO	2/4/86	5/6/86	7/4/86	Repeal - Introduced
OKLAHOMA	6/4/85	2/1/87	*	
OREGON	6/26/87	1/1/89***		
PENNSYLVANIA	11/23/87	11/23/87	120 days	
RHODE ISLAND				Use - Introduced
SOUTH CAROLINA				Use - Introduced '87
SOUTH DAKOTA				Use - Did not pass
TENNESSEE	4/21/86	4/21/86	1/1/87	
TEXAS	6/16/85	9/1/85	12/1/85	
UTAH	3/18/86	4/28/86	10/28/86	
VERMONT				Use - Passed Sen.; in House Cmte.
VIRGINIA	3/27/87	1/1/88	*	
WASHINGTON	3/31/86	6/11/86	1/1/87	
WEST VIRGINIA				Use - FOR GOVERNOR'S SIGNATURE
WISCONSIN	11/27/87	12/1/87	*	Repeal & Refer.-Introduced
WYOMING				Use - Did not pass

* Fine imposed on effective date
** Repealed in referendum 11/86
*** OR - Subject to public referendum in Nov. 1988.

Use Bills Pending........................8
For Governor's Signature................1
Use Bills Enacted in '88......................1
Use Laws Enacted from '84 to '87...........33 + DC
Use laws Repealed in '86..............-2
Total States with Use Laws..............32 + DC

SENATOR LAUTENBERG: Has NHTSA made any determination on whether the State laws comply with the 208 standard for model seat belt legislation?

ANSWER: No such determination has been made. Secretary Burnley has stated that he does not wish to impede the State legislative process which has thus far led to the enactment of 33 laws. He has indicated that he would rule on the individual laws if it becomes apparent that the point is approaching where two thirds of the population is covered by laws that may meet the criteria.

SENATOR LAUTENBERG: In response to a question asked last year, NHTSA stated that 72.3 percent of the U.S. population was covered by mandatory seat belt use laws. What is the current percentage?

ANSWER: Currently, 32 states and the District of Columbia have safety belt use laws which cover 86.1 percent of U.S. population.

SENATOR LAUTENBERG: Relative to Federal Motor Vehicle Safety Standard 208, does this high percentage mean that automobile manufacturers will not have to install passive restraints in new passenger cars?

ANSWER: At this time, the Department expects the passive restraint requirements to be fully implemented.

SENATOR LAUTENBERG: The rule for requiring 100 percent passive restraint installation on September 1, 1989 could be rescinded if the Secretary should find before April 1, 1989 that States covering two-thirds of the population have adopted "Qualifying Mandatory Seat Belt Use Laws." What is the agency doing in this area?

ANSWER: The Department is continuing to follow the course of State legislation and is updating its records as additional States enact laws. Although the Department is reviewing the content of these laws, it is not presently preparing to rule on the individual laws.

SENATOR LAUTENBERG: Has DOT reviewed the laws of the States that have mandatory use laws: If so, what were the findings (by State)? If not, when is the agency going to start its reviews? How long does a review take and will they be completed so the Secretary can make a determination by April 1, 1989?

ANSWER: The Department is reviewing the State laws to make sure that it has an accurate understanding of the content of each law. The memorandum attached in response to your first question about Standard 208 summarizes the content of each law. As the Secretary has stated, he does not expect to begin any procedure for ruling on the laws until it becomes apparent that the point is approaching where two thirds of the population is covered by laws that may meet the criteria. At this point it does not appear likely.

SENATOR LAUTENBERG: What is the mix between passive belts and airbags that are now being offered on new passenger cars?

ANSWER: The most accurate and complete figures we have are those the manufacturers are required to provide NHTSA at the end of each production year. Based on these data, just over 1.5 million cars were produced with some form of automatic occupant protection during the first year of the phase-in (1986-87). Nine out of ten of these cars were produced with passive belts.

SENATOR LAUTENBERG: Ms. Steed, in your opening statement you state that "we are confident that the air bag will become the occupant protection system of choice for virtually all manufacturers by the end of the phase-in period." What do you base that on?

ANSWER: This observation is based on the increasing commitment on the part of car manufacturers to use air bags as the means of providing the automatic crash protection required by Federal Motor Vehicle Safety Standard No. 208. In order to encourage the development and use of air bags and other non-belt technology, NHTSA amended Standard 208 in March, 1987 to count a car toward the compliance percentage during the phase-in period if the vehicle is equipped with an air bag or other automatic non-belt system at the driver's seat and a manual lap-shoulder belt at the front passenger seat. At this time, several manufacturers such as Ford, General Motors, Chrysler, Mercedes-Benz, Porsche, BMW, Honda, Volvo and Saab are already providing driver side air bags as standard or optional equipment on some of their models. By 1990, Ford plans to equip over one million cars with driver side air bags, and General Motors is planning to equip three million of its cars with these devices by 1992.

OCCUPANT PROTECTION PROGRAM SPENDING

SENATOR LAUTENBERG: For Fiscal Year 1988 the conference provided $3.4 million for the Occupant Protection Information Program. How is NHTSA spending this money?

ANSWER: This program is this agency's number one priority. Given the large funding cut from our request for $5 million, our ability to fully support essential program initiatives will be severely limited in FY 1988. Thus, the entire program for awarding grants to States to implement usage laws and sustain higher use rates was reexamined.

Based on this reexamination, the $3.4 million for FY 1988 will be allocated as follows: State and Local Program Assistance, $1,232,000; Technical Assistance to State and National Organizations, $491,000; Evaluation and Planning Support, $344,000; Education and Media Materials, $642,000; and Automatic Crash Protection Education, $651,000. Together with funding from the Research and Development Program, over $1,000,000 is being earmarked for automatic restraints education in FY 1988.

The State and Local Program Assistance funds will be used for demonstration and implementation grants to the States. The demonstration grants will assist them in several key areas:

developing new and improved enforcement programs at both the state and community levels; encouraging community leaders to support enforcement; public education about automatic restraints and techniques communities can employ to improve belt use among teenagers and young adults.

Enforcement of usage laws is critical. Several approaches are underway to bolster enforcement efforts, including intensified training for police executives and officers, and police trainers. Enforcement officials will get the message out to police forces and the public generally about the benefits of strong occupant protection programs.

We know that laws alone will not ensure high usage or fewer deaths and injuries. Implementation grants to States have been essential to capitalize on laws and gain usage quickly . The funds cut from FY 1988 mean that such grants, even to States with new laws, will be severely restricted. To maximize impact of our remaining resources, we're working with several belt law States to concentrate technical assistance for very specific purposes. For example, we want to show that focusing resources in States with low usage, even those with large rural areas, can achieve high rates. And, we want to show that States with high rates can bring them even higher through concentrated programs.

To further offset budget cuts, we're identifying States where NHTSA and Traffic Safety Now both have invested funds, in order to mount a concentrated effort to achieve higher usage levels over the next year. So far, we identified California, Connecticut, Florida, Kansas and New Jersey for special emphasis.

We're also devoting special attention to high risk groups such as youth, low income citizens and residents in rural areas. Although funding is limited, we'll try to redirect efforts to analyze why usage is lower, and isolate approaches that have increased rates successfully.

In the automatic crash protection area, we have strengthened educational activities to help consumers understand how these new devices and belt use laws work together to provide optimum protection. We are targetting youth and fleet purchasers as key segments for automatics educaton on these devices.

SENATOR LAUTENBERG: Does NHTSA subscribe to or support the "70 by 90 program" (seventy percent seat belt usage by 1990)? If so, has NHTSA officially supported this program? If not, why not?

ANSWER: We support the objectives of the "70 by 90 program", and we believe cooperative efforts of organizations supporting this program will be the best means of achieving the 70 percent goal. We also believe rates could reach beyond 70 percent in some States because usage has exceeded this level in certain States and in some foreign countries.

SENATOR LAUTENBERG: In both the House and Senate reports accompanying the Fiscal Year 1988 bill, NHTSA was directed to report by March 1 listing each State's safety belt usage goals, efforts to meet those goals and how NHTSA's program has been used to ensure maximum effectiveness. Where is that report?

ANSWER: Last April, in preparation for the submission of the interim report in March of 1988, and the final report in November of 1988, the Agency wrote to each Governor's Representative for Highway Safety asking for State safety belt use goals for 1988 and 1990, along with the strategies they intend to use to reach those goals.

A summary report of the States' reponses with information requested has been prepared and is currently undergoing final review. The agency anticipates this interim report will be forwarded to the committee by the end of March.

SENATOR LAUTENBERG: Is NHTSA'S occupant protection information program used by the States? If so, how?

ANSWER: Yes it is. The purpose of NHTSA's occupant protection information program is to provide the bridge between what the States and what the private sector are able to develop, initiate and deliver. The program functions as an umbrella over all of these efforts, providing national leadership and filling any voids that may exist in materials, training, technical assistance and evaluation. State requests for materials have exceeded our ability to supply them, thus necessitating that we provide negatives from which they may print copies.

For example, NHTSA has developed training courses on occupant protection for various levels within the law enforcement community, i.e. administrators, officers and police trainers. Over 1,500 law enforcement personnel have participated in these different training programs and there are now 66 'master' trainers available in 30 States. Other examples of where NHTSA fills the void for the States is in the development of: generic educational and outreach materials and programs that States or private groups can adapt to their specific and unique needs; and awareness building programs at the national level of organizations with large State and local constituencies, such as the American Hospital Association, the National PTA and the American Red Cross.

Under this program, for example, New Jersey has recently (FY 1987) received $300,000 for belt law implementation assistance in statewide enforcement programs, police training, public awareness/coalition building and automatic crash protection education. New Jersey has also had two law enforcement officers trained as master trainers in occupant protection and they will be conducting a number of workshops for State and local police within the next few months.

The information program also uniquely provides an umbrella for technical assistance and technology transfer that all States benefit from. For example, we brought together State highway safety officials and Traffic Safety Now (TSN) representatives from five high "emphasis" States to learn if concentrated technical and program assistance could raise safety belt usage to higher levels. This process was very successful and the results are anticipated to have positive impacts on national and State programs. Innovative models and techniques will be shared with every State in an effort to achieve consistently high safety belt usage across the country.

TECHNIQUES FOR EFFECTIVE ALCOHOL MANAGEMENT (TEAM)

SENATOR LAUTENBERG: What are the plans for the funds provided for TEAM? (List activity and associated costs)

ANSWER: TEAM has evolved into three major components for which NHTSA plans to commit $965K in FY 1988.

Public Information and Education 450K

The goal of this program is to attain recognition and support for TEAM through the development and promotion of public information campaigns and programs at the national, local and facility level.

The agency plans to:

- -- Continue to support Major League Baseball (MLB) and the National Basketball Association (NBA) by developing public information campaigns for the 1988 season.
- -- Support additional professional sports joining the coalition by including them in the public information campaigns for FY 1988.
- -- Continue to develop materials to market and promote the TEAM program to national, State, local and private sector officials.
- -- Develop locally adaptable TEAM public information materials for use by local coalitions and facilities.
- -- Provide public information technical assistance through consultation or workshops to local coalitions and facilities on how to effectively create and sustain support for the TEAM program.
- -- Develop an advertising strategy for future campaigns based upon a review and critique of TEAM materials by communications experts.

Facilities Alcohol Management 225K

The component of Facility Alcohol Management (FAM) responds to the increasing problems associated with intoxicated fans at public assembly facilities. Currently, the program consists of:

- -- Assessing the facility's current practices and operations.
- -- Developing a set of policies and procedures to manage alcohol and events more effectively.
- -- Preparing quality instructors by conducting Train-the-Trainers sessions.
- -- Training staff to implement the new policies and procedures.

For FY 1988, NHTSA staff, in cooperation with the TEAM coalition, plan to substantially broaden the number and types of facilities involved. The agency also plans to implement quality control to insure consistent and effective evaluation methods for future programs.

TEAM Community Management 165K

The concept of TEAM Community Coalitions is that TEAM facilities provide leadership that will stimulate communities to carry out comprehensive efforts to deter and prevent drinking and driving and to increase safety belt use. Currently, there are three facilities in major cities which are in the process of implementing TEAM coalitions. They are: Houston, Atlanta and Detroit. Phoenix and Salt Lake City have also expressed a desire to form community coalitions.

The goal for FY 1988 is to establish a minimum of 5 TEAM coalitions in major league cities. In addition, technical assistance will be provided to cities that do not have major league teams, but are interested in establishing coalitions.

In addition, 125K is being set aside for assessing the TEAM program and for printing, graphics and duplication of PSAs.

SENATOR LAUTENBERG: There seemed to be some confusion as to the total amount of resources provided for the TEAM program in fiscal year 1988. How do you count the TEAM funding?

ANSWER: The FY 1988 Budget request of approximately $2.6 million for Alcohol and State programs included $665 thousand for TEAM. The budget conferees increased the $2.6 million by $775 thousand for "Alcohol Safety Research". However, the enacted FY 1988 Omnibus Continuing Resolution included across-the-board reductions and required absorption of the FY 1988 pay raise in order to reflect the deficit reduction agreement. These mandated reductions notwithstanding, the agency still increased TEAM funding by $300 thousand above the budget request for a total of $965 thousand in FY 1988. Also, the TEAM staff is expanding from four to six permanent full-time positions in FY 1988 and an additional $250 thousand is budgeted to pay salaries and related expenses. Further, it should be noted that several states including Texas, Georgia and Michigan, have elected to use Section 402 grant funds, totalling over $300 thousand to support TEAM activities in FY 1988.

CENTERS FOR INJURY CONTROL

SENATOR LAUTENBERG: Does NHTSA recommend that more funding be provided for this effort? If not, why not?

ANSWER: The money appropriated by Congress for this effort thus far has supported a three-year pilot project for the study and treatment of trauma. The pilot project appears to have been successful. The National Academy of Sciences follow-up evaluation should be completed by Mid-Calendar Year 1988, which should be helpful to the Congress in determining the future of this program. Future funding should be through HHS as was begun in FY 1988.

SENATOR LAUTENBERG: Approximately, what percentage of the funds provided have been spent specifically on highway related trauma research?

ANSWER: Approximately 30% of the funds provided have been spent on projects directly related to Highway Safety and another 50% has been spent on projects significantly related to Highway Safety. The National Academy of Sciences follow-up report expected in early spring, will discuss these issues in greater detail.

TRUCK FUEL TANK SAFETY STUDY

SENATOR LAUTENBERG: What is the status of the truck fuel tank safety study?

ANSWER: The agency is currently defining the scope, goals and objectives of this study; preparing the necessary contracts and procurement documentation; and identifying potential contractors to carry out this study. We expect to complete this study in time to meet the Congressional request of March, 1989.

SENATOR LAUTENBERG: For fiscal year 1988, the Committee provided $96,000 for this study. How does NHTSA intend to spend these funds?

ANSWER: The agency is committing $96,000 of its FY 1988 heavy vehicle research funding to this study. The general objective of the study will be to carry out a comprehensive problem identification effort, i.e., identify the factors associated with non-cargo-related truck fires; evaluate these factors in terms of fire safety hazards; evaluate (primarily analytically) strategies such as foam, to mitigate the fire hazards; and, develop methods to analyze engineering improvements to truck fuel systems to reduce the incidence of fire. (This approach represents the initial portions of the research program on non-cargo-related post-crash fires contained in the agency's December, 1986 Truck Occupant Protection Report to Congress in accordance with Section 217 of the Motor Carrier Safety Act of 1984.)

SENATOR LAUTENBERG: Is additional funding necessary to successfully complete this effort, as originally directed in the committee report? (If so, how much and for what purpose?)

ANSWER: The funding should be sufficient to carry out a credible problem identification effort on fire scenarios associated with fuel system integrity problems, including identification of potential countermeasures, recommendation of possible test procedures for evaluating the efficacy of these countermeasures, and limited testing.

REAR SEAT BELT RULEMAKING

SENATOR LAUTENBERG: What is the status of (including important dates) the rulemaking efforts on the rear seat belt issue?

ANSWER: An Advance Notice of Proposed Rulemaking was issued on June 16, 1987. Public comments were due by July 31, 1987. On February 17, 1988, the Department issued a press release indicating the plans of manufacturers to install, as original equipment, rear seat shoulder belts on their passenger cars and light trucks. Nearly all passenger cars will be so equipped by the 1990 model year. As to the rulemaking, NHTSA is currently analyzing and reviewing the comments received. A regulatory decision is expected by April.

DETECTION OF DRUG-IMPAIRED DRIVING

SENATOR LAUTENBERG: Last year the agency (NHTSA) was very supportive of the Los Angeles Police Department's drug detection procedure. What has the agency done to further promote this particular detection procedure?

ANSWER: NHTSA, with the cooperation of LAPD, currently is assisting in the development of drug evaluation and classification (DEC) programs in four sites:

- Metropolitan Phoenix, AZ
- Denver / Boulder, CO
- Nassau County, NY
- Virginia Beach / Charlottesville, VA

A total of 13 state, county and municipal law enforcement agencies are participating in these new DEC sites.

Approximately sixty (60) police officers from these four sites have been trained in DEC procedures. The training has been delivered by LAPD instructional staff, and has been in conformance with the curriculum developed by NHTSA and LAPD.

On March 14, 1988, NHTSA and LAPD instructional staff will initiate a 5-day Drug Recognition Instructor Training Program. Approximately 25 personnel from the four new DEC sites will be taught how to teach DEC procedures. Once the new sites have their own cadres of instructors, they will be able to accelerate the expansion of their programs within their own jurisdictions and elsewhere in their states.

NHTSA is currently soliciting recommendations from its Regional Offices concerning potential future DEC sites. We intend to select up to six additional sites by September 30, 1988, and to begin training of their personnel during FY 1989.

SENATOR LAUTENBERG: Has NHTSA shared this procedure with the Bureau of Motor Carrier Safety ((BMCS) which has primary responsibility for assisting states performing roadside truck and driver inspections? If not, why not? If so, how does BMCS use it?

ANSWER: Representatives of FHWA's Office of Motor Carriers (OMC) participated in a briefing given by NHTSA staff to the staff of the House Committee on Public Works and Transportation on March 2, 1988. A detailed overview of the DEC program and its potential application to OMC operations was given at that time.

NHTSA's efforts to promote the DEC program have focused on state, county and municipal law enforcement applications. Operators of commercial vehicles fall within the purview of those agencies, but we have not singled them out for special attention.

SECTION 402 SAFETY GRANTS

SENATOR LAUTENBERG: Provide for the record an update on the use of Section 402 grant funds, Fiscal Years 1982 through 1987, and estimated for Fiscal Years 1988 and 1989.

ANSWER: A breakdown of the obligations for the six areas for the National Priority Program follows:

In Thousands of Dollars

Program Area	FY 1982	FY 1983	FY 1984	FY 1985
Alcohol Countermeasures	28,583.9	40,037.8	38,578.9	43,821.5
Occupant Protection	3,714.6	6,703.5	8,824.9	15,805.0
Police Traffic Svcs	42,456.1	33,898.6	30,935.6	34,273.1
Emergency Medical Services	5,438.9	4,964.8	4,466.8	5,332.6
Traffic Records	7,347.9	6,149.5	6,202.7	14,769.7
Safety Construction and Operational Improvements	9,669.0	9,669.3	9,702.0	9,900.0

Program Area	FY 1986	FY 1987	FY 1988[1]	FY 1989[1]
Alcohol Countermeasures	36,919.3	36,042.8	33,938.2	38,824.3
Occupant Protection	18,512.0	19,924.8	18,760.8	19,250.7
Police Traffic Svcs	32,810.7	34,981.2	31,935.6	32,769.5
Emergency Medical Services	5,315.2	4,708.9	4,742.9	4,866.7
Traffic Records	16,305.0	5,980.8	6,534.7	6,705.3
Safety Construction and Operational Improvements	9,426.9	9,872.4	9,800.0	9,800.0

[1] NOTE: The amounts for FY 1988 and 1989 reflect an estimated distribution of obligations based on current information and extrapolated to total amounts. The actual distributions of obligations will be determined by the States.

SENATOR LAUTENBERG: Under current law how much contract authority is provided for the Section 402 safety grant program?

ANSWER: The Surface Transportation and Uniform Relocation Assistance Act of 1987 (STURAA) provides $126 million in contract authorization for each fiscal year from FY 1988 through FY 1991.

SENATOR LAUTENBERG: Under current law what are the earmarks or set asides that affect the Section 402 funds?

ANSWER: With the enactment of the STURAA, $20 million is set aside for the maximum speed limit under 23 U.S.C. 154 and 2 percent of the Section 402 authorization is set aside for safety belt encouragement. An additional set aside of 8 percent for child safety seat programs is provided for FY 1987, but not for later years. Also, in accordance with the Commercial Motor Vehicle Safety Act of 1986, $3 million of Section 402 funds are set aside in each fiscal year 1987 and 1988 for supplemental grants to develop a testing program for commercial vehicle operators; and an additional $2 million is set aside for a commercial drivers license information system, for each of fiscal years 1987, 1988 and 1989. See chart:

(000's)

	FY 1987	FY 1988	FY 1989
Authorization	126,000	126,000	126,000
Obligation Limitation	121,000	114,950	115,000
Set-Asides:			
Maximum Speed Limit	20,000	20,000	20,000
Seat Belt Encouragement	2,323	2,329	2,163
Commercial Motor Vehicle Safety Act	5,000	4,896	2,000
Grant Administration	4,860	4,656	4,850
Child Restraint System	9,291	- 0 -	- 0 -
Unrestricted	79,526	83,069	85,987

SENATOR LAUTENBERG: If the obligation ceiling for a fiscal year is less than the total amount of contract authority how does this affect the set-asides?

ANSWER: There is no impact on any of the set-asides unless so stipulated in the appropriations act or the total obligation limitation is insufficient to cover specific mandated amounts. All set-asides are deducted from and/or calculated against the total amount of contract authority. There is considerable impact, however, on the remaining (unrestricted) S.402 funds, which reduces flexibility available to States. As noted above, set-asides are determined by law without regard to actual obligation ceiling (either in dollar amount or by formula tied to authorization level); but the funding for set-asides must come from within the obligation ceilling. So when the reductions are made in the S.402 obligation limitation (e.g., in FY 88, when the final level in the Continuing Resolution was below both House and Senate levels), the reduction comes directly at the expense of State flexibility without impact on set-asides. It was for this reason, that the Administration's legislative proposal for reauthorization of the Highway Safety Act in 1987 proposed eliminating earmarking to maximize States' flexibility to address their specific highway safety problems.

SPEED MONITORING DATA SUMMARIES

SENATOR LAUTENBERG: Update for the record the speed monitoring data summaries found on pages 720 through 731 of the Senate Hearing 100-354, Part 1.

ANSWER: See attached.

The Federal Highway Administration has not yet prepared the Speed Monitoring Data Summaries to accompany the attached tables on Speed Limit Cerfication Data. This information will be provided at a later date.

FY 1987 Speed Monitoring Data Summaries

Tabulations are provided for some of the various data items which are included either in the speed limit enforcement certification or in the annual speed data summary submitted by each State.

Attachment (1)--The percent exceeding 55 mph used to judge State compliance with Federal statutes, highway mileage posted at 55 mph and subject to speed limit compliance monitoring, and the number of citations for exceeding 55 mph, for each State as reported in the FY 1987 certifications.

Attachment (2)--The percent exceeding 55 mph by State by functional grouping before application of the adjustment factors used to develop the statutory compliance value of attachment (1).

Attachment (3-8)--Additional statistical information describing vehicular speed in FY 1987 which is self-explanatory.

Speed data collection continues to be automated during FY 1987, with all speed data being collected by non-radar based, unattended recording equipment.

In addition to the attached tabulations, the following figures also describe 55 mph compliance speed data collection during FY 1987.

NATIONWIDE:

Total number of speeds recorded: 51,644,349

SPEED MONITORING LOCATIONS:

Total nationwide: 1,560
Range: 9 (Delaware) to 107 (California)
Average: 31 per State

SPEED MONITORING SESSIONS:

Total nationwide: 3,512
Range: 20 (Delaware) to 205 (California)
Average: 69 per State

The nationwide totals for both the number of speed monitoring locations and the number of speed monitoring sessions, are significantly lower than the numbers reported in recent years. For example, the number of locations (1,560) is down 237 from the 1,797 used in FY 1986. Likewise, the number of sessions (3,512) is down 560 from the 4,072 conducted in FY 1986. These reductions reflect the adoption of a 65 mph speed limit for at least autos on the majority of the Interstate system mileage located outside of urbanized areas by 36 States during FY 1987. With respect to 55 mph compliance monitoring, States adopting a 65 mph limit were instructed to suspend the inclusion of data from any location where the speed limit was changed from 55 mph. Further, if the speed limit change was applied to all rural Interstate mileage, leaving no mileage in this functional grouping posted at 55 mph, our instructions were that none of the rural Interstate speed data collected prior to the change would be included in the annual statewide speed data summaries.

For the 36 States involved, the posting of a 65 mph speed limit brought on significant changes in their 55 mph speed monitoring plans. Because of these changes a comparison of any statewide speed statistics for FY 1987 with those developed for FY 1986 will not provide any meaningful findings. For the 14 States and Puerto Rico, however, which did not adopt a 65 mph speed limit during FY 1987, a comparison of the statewide unadjusted percent exceeding 55 mph figures for FY 1987 with those developed for FY 1986 is presented here.

FY 1987 vs FY 1986 Statewide Unadjusted Percent Exceeding 55 MPH

Based on data from: Alaska, Connecticut, Delaware, Georgia, Hawaii, Maryland, Massachusetts, Michigan, New Jersey, New York, Oregon, Pennsylvania, Puerto Rico, Rhode Island and Virginia.

7 increases:
Range: +0.5 to + 6.2 percentage points
Average: +3.4 points

7 decreases:
Range: -0.1 to -8.5 percentage points
Average: -2.5 points

1 no change

The combined average change was +0.4 percentage points.

Comparisons by highway functional grouping of the same statistic, however, continue to be useful trend indicators. Some comparisons are as follows:

National Average Unadjusted Percent Exceeding 55 MPH

Functional Grouping	FY 1986	FY 1987	Change
Urban Interstate (UI)	64.8	66.9	+2.1
Urban Other Freeways and Expressways (UOFE)	59.6	61.2	+1.6
Urban Other Arterials (UOA)	40.7	44.7	+4.0
Rural Interstate (RI)*	68.8	67.1	-1.7
Rural Other Arterials (ROA)	52.4	54.4	+2.0
Rural Major Collectors (RMC)	40.9	43.0	+2.1

* Only for those States not posting a 65 mph speed limit on rural Interstate during FY 1987 including: Connecticut, Georgia, Maryland, Massachusetts, Michigan, New Jersey, New York, Oregon, Pennsylvania, Puerto Rico, Rhode Island and Virginia.

National Average Speeds in miles per hour

Functional Grouping	FY 1986	FY 1987	Change
UI	57.4	57.6	+0.2
UOFE	56.7	56.8	+0.1
UOA	53.5	54.0	+0.5
RI*	58.6	58.6	0
ROA	55.3	55.9	+0.6
RMC	52.9	53.4	+0.5

National Average 85th Percentile Speeds in Miles Per Hour

Functional Grouping	FY 1986	FY 1987	Change
UI	64.3	64.5	+0.2
UOFE	63.2	63.4	+0.2
UOA	60.1	60.7	+0.6
RI*	65.5	66.0	+0.5
ROA	62.2	62.8	+0.6
RMC	60.6	61.3	+0.7

National Average Percent Exceeding 65 MPH

Functional Grouping	FY 1986	FY 1987	Change
UI	12.0	13.4	+1.4
UOFE	9.1	9.7	+0.6
UOA	4.4	5.3	+0.9
RI*	15.9	17.9	+2.0
ROA	7.3	8.4	+1.1
RMC	6.3	6.8	+0.5

A review of these comparisons leaves little doubt but that the trend in speeds continued upward in FY 1987.

While Congress authorized the States to post up to a 65 mph speed limit on certain Interstate highways, it did not change the maximum allowable percent exceeding 55 mph value of 50 percent. The elimination from the speed monitoring program of what, historically for most States, was the functional grouping with the highest 55 mph noncompliance, rural Interstate, allowed several States to certify a lower percent exceeding 55 mph value for FY 1987 than in FY 1986, and for some States the lowest in several years.

A review of Attachment No. 2, however, shows that in compiling a national average unadjusted percent exceeding 55 mph figure of 56.6--even with the impact of rural Interstate speeds either eliminated or significantly reduced in 36 States--42 States reported values greater than 50 percent and 22 States reported 60 percent or more.

For FY 1987, the States as a whole reported 540,771.5 miles of highway with a 55 mph speed limit, subject to speed monitoring. This represents a 23,731.8 mile or 4.2 percent decrease from the FY 1986 figure. Also during FY 1987, 7,992,097 citations were issued for exceeding 55 mph. This represents a decrease of 556,678 or 6.5 percent from FY 1986.

The decrease in both mileage and citations can be attributed in large part to the elimination or significant reduction in rural Interstate mileage subject to 55 mph monitoring during FY 1987.

FY87: MILEAGE SUBJECT TO SPEED MONITORING

STATE	URBAN			RURAL			
	INTERSTATE SYSTEM	FREEWAY & EXPRESSWAY	OTHER ARTERIALS	INTERSTATE SYSTEM	OTHER ARTERIALS	MAJOR COLLECTORS	STATEWIDE TOTAL
ALABAMA	221.0		503.5		5029.0	10704.0	16457.5
ALASKA			14.1		1476.3	265.5	1755.9
ARIZONA	127.6				2882.5	985.4	3995.5
ARKANSAS	122.7	51.6			4585.5	7909.0	12668.8
CALIFORNIA	891.0	1088.0	2132.0	332.0	9163.0	10151.0	23757.0
COLORADO	156.0	76.0			3270.0	2140.0	5642.0
CONNECTICUT	181.8	110.8		106.9	80.8		480.3
DELAWARE	34.7				148.4		183.1
FLORIDA	372.0		848.0	123.0	5236.0	3751.0	10330.0
GEORGIA	349.9	67.4	1242.9	881.6	7594.8	12601.7	22738.3
HAWAII	24.8				179.1	76.4	280.3
IDAHO	50.3			279.6	2256.2	1507.5	4093.6
ILLINOIS	478.0	73.0	667.0		6970.0	12298.0	20486.0
INDIANA	246.0	88.0	250.0	34.0	3935.0	4774.0	9327.0
IOWA	131.0				8133.0	13491.0	21755.0
KANSAS	136.9	50.5	90.4		7471.3	10869.2	18618.3
KENTUCKY	146.0	82.0	362.0		3179.0	6951.0	10720.0
LOUISIANA	141.0		142.0	37.0	2572.0	6616.0	9508.0
MAINE	32.4	7.3			733.0	276.4	1049.1
MARYLAND	162.5	110.3	56.7	150.0	595.6		1075.1
MASSACHUSETTS	380.3	153.9	67.3	170.5	163.8		935.8
MICHIGAN	431.3	211.0	788.1	703.2	5874.0	13987.4	21995.0
MINNESOTA	184.0	95.0	377.0		8020.0	14227.0	22903.0
MISSISSIPPI	78.0				4994.0	11324.0	16396.0
MISSOURI	266.8	203.6			6105.7	17572.9	24149.0
MONTANA	24.0				5261.0	3169.0	8454.0
NEBRASKA	36.0				6688.0	5236.0	11960.0
NEVADA	40.2	29.3	25.7	8.3	1701.7	2041.7	3846.9
NEW HAMPSHIRE	23.2	18.1	28.3	4.4	305.9	79.5	459.4
NEW JERSEY	248.0	209.0	96.0	127.0	266.0		946.0
NEW MEXICO	93.0		70.0		2605.0	2977.0	5745.0
NEW YORK	534.0	522.0	1384.0	858.0	5617.0	5492.0	14407.0
NORTH CAROLINA	155.0		260.0	150.0	3545.0	10189.0	14299.0
NORTH DAKOTA	40.0				5225.0	4478.0	9743.0
OHIO	579.5	298.2	281.4	56.4	4746.8	10815.6	16777.9
OKLAHOMA	139.0	163.0			5290.0	5933.0	11525.0
OREGON	130.0	49.0	75.0	584.0	4397.0	8453.0	13688.0
PENNSYLVANIA	337.0	252.0	520.0	1163.0	4750.0	2263.0	9285.0
PUERTO RICO	30.0	39.3		49.6	31.1		150.0
RHODE ISLAND	37.6	22.0		21.3			80.9
SOUTH CAROLINA	109.0		185.0		4281.0	7034.0	11609.0
SOUTH DAKOTA	35.0		42.0	11.0	5677.0	7008.0	12773.0
TENNESSEE	242.0		272.0		4284.0	3287.0	8085.0
TEXAS	848.0	604.0	1429.0		14606.0	33926.0	51413.0
UTAH	128.0	13.0	105.0		2050.0	1060.0	3356.0
VERMONT	9.6			10.7	59.6		79.9
VIRGINIA	238.0	94.0	186.0	789.0	4443.0	8810.0	14560.0
WASHINGTON	215.0	151.0			3546.0	417.0	4329.0
WEST VIRGINIA		250.7			2047.3	4487.4	6785.4
WISCONSIN	113.0	187.0			7991.0	11841.0	20132.0
WYOMING	12.1				2793.4	2172.4	4977.9
TOTALS	9742.1	5370.0	12500.4	6650.5	202855.8	303648.0	540766.8

FOOTNOTES

A BLANK SPACE INDICATES NO SPEED MONITORING REQUIRED OR PERFORMED.

FY87 SPEED LIMIT ENFORCEMENT CERTIFICATION DATA*

STATE	PERCENT EXCEEDING 55MPH	HIGHWAY MILEAGE SUBJECT TO SPEED MONITORING	CITATIONS ISSUED FOR 55MPH VIOLATIONS
ALABAMA	40.1	16457.5	153778
ALASKA	48.3	1755.9	11088
ARIZONA	45.0	3995.5	196275
ARKANSAS	38.4	12668.8	110896
CALIFORNIA	50.8	23757.0	830544
COLORADO	40.3	5642.0	86326
CONNECTICUT	41.2	480.3	123307
DELAWARE	47.8	183.1	27370
FLORIDA	49.9	10330.0	331874
GEORGIA	44.9	22738.3	199011
HAWAII	36.0	280.3	10669
IDAHO	38.0	4093.6	61395
ILLINOIS	39.5	20486.0	180434
INDIANA	45.0	9327.0	115867
IOWA	38.7	21755.0	126343
KANSAS	47.9	18618.3	109081
KENTUCKY	26.6	10720.0	34607
LOUISIANA	40.5	9508.0	129866
MAINE	33.0	1049.1	32175
MARYLAND	47.6	1075.1	148885
MASSACHUSETTS	49.3	935.8	234020
MICHIGAN	49.9	21995.0	180876
MINNESOTA	48.8	22903.0	117036
MISSISSIPPI	48.4	16396.0	136259
MISSOURI	44.8	24149.0	231001
MONTANA	41.2	8454.0	88591
NEBRASKA	47.8	11960.0	57039
NEVADA	47.2	3846.9	61084
NEW HAMPSHIRE	41.0	459.4	44253
NEW JERSEY	46.4	946.0	155277
NEW MEXICO	37.4	5745.0	90906
NEW YORK	51.2	14407.0	287627
NORTH CAROLINA	32.7	14299.0	258766
NORTH DAKOTA	51.8	9743.0	54423
OHIO	44.3	16777.9	502383
OKLAHOMA	44.5	11525.0	100958
OREGON	46.6	13688.0	115437
PENNSYLVANIA	43.7	9285.0	236814
PUERTO RICO	31.9	150.0	46067
RHODE ISLAND	42.3	80.9	23278
SOUTH CAROLINA	32.5	11609.0	205380
SOUTH DAKOTA	33.8	12773.0	26888
TENNESSEE	39.3	8085.0	173943
TEXAS	43.4	61413.0	760950
UTAH	45.2	3356.0	105633
VERMONT	44.6	79.8	26346
VIRGINIA	32.0	14560.0	216001
WASHINGTON	39.5	4329.0	143482
WEST VIRGINIA	25.0	6785.4	41706
WISCONSIN	44.3	20132.0	100544
WYOMING	48.9	4977.9	61408
NATIONAL	AVERAGE: 42.3	TOTAL: 540766.8	TOTAL: 7932097

FOOTNOTES

* AS REPORTED BY THE STATES IN THE CERTIFICATION OF SPEED LIMIT ENFORCEMENT. SUBMITTED FOR THE PERIOD OCTOBER 1, 1986, TO SEPTEMBER 30, 1987.

FY87: PERCENT EXCEEDING 55MPH - UNADJUSTED

STATE	URBAN INTERSTATE SYSTEM	URBAN FREEWAY & EXPRESSWAY	URBAN OTHER ARTERIALS	RURAL INTERSTATE SYSTEM	RURAL OTHER ARTERIALS	RURAL MAJOR COLLECTORS	STATEWIDE VALUE
ALABAMA	69.5		45.3		56.7	45.0	64.7
ALASKA			75.9		67.3	25.6	64.1
ARIZONA	50.8				71.6	43.8	60.2
ARKANSAS	70.5	77.7			45.6	40.6	49.3
CALIFORNIA	65.7	64.1	32.9	92.5	64.5	73.5	64.5
COLORADO	55.8	83.3			64.3	28.0	65.0
CONNECTICUT	57.5	56.7		33.8	65.2		54.1
DELAWARE	70.8				55.5		62.0
FLORIDA	71.5		55.5	84.2	66.3	44.9	64.7
GEORGIA	78.3	66.9	38.8	75.3	44.7	30.5	56.9
HAWAII	68.5				29.0	24.0	48.8
IDAHO	76.6			70.9	49.5	50.7	55.6
ILLINOIS	61.2	59.6	38.1		55.8	42.5	53.9
INDIANA	85.6	80.8	38.7	89.9	55.4	49.8	61.0
IOWA	56.2				59.0	53.5	57.4
KANSAS	70.7	62.3	60.7		62.4	59.1	63.2
KENTUCKY	49.6	41.5	17.0		49.0	18.8	36.6
LOUISIANA	49.9		47.7	88.5	60.5	51.3	55.1
MAINE	77.1	64.1			39.3	49.1	46.6
MARYLAND	71.3	48.0	29.0	67.3	54.4		61.8
MASSACHUSETTS	64.9	41.6	77.1	70.0	54.4		61.6
MICHIGAN	66.2	76.4	63.9	89.8	59.3	45.3	62.2
MINNESOTA	77.0	71.1	64.7		67.4	51.9	66.4
MISSISSIPPI	79.5				62.8	52.3	60.4
MISSOURI	70.2	51.7			60.6	44.4	58.9
MONTANA	64.9				58.8	20.3	52.1
NEBRASKA	77.0				67.5	56.5	66.7
NEVADA	65.5	56.3	40.2	79.2	69.1	50.5	62.8
NEW HAMPSHIRE	65.9	68.7	47.5	75.0	49.9	42.6	55.5
NEW JERSEY	62.9	57.3	39.6	40.6	40.0		54.0
NEW MEXICO	72.0		25.2		43.9	59.3	50.8
NEW YORK	84.3	70.2	47.2	92.2	44.5	43.3	64.2
NORTH CAROLINA	57.2		66.4	84.4	55.2	39.4	53.9
NORTH DAKOTA	66.2				71.4	66.5	69.9
OHIO	73.9	66.3	58.6	79.9	63.7	23.4	58.3
OKLAHOMA	62.0	56.1			57.5	56.0	57.7
OREGON	72.3	79.3	40.9	88.6	45.6	36.2	60.4
PENNSYLVANIA	77.5	66.8	21.2	78.8	38.6	44.2	56.0
PUERTO RICO	40.3	45.1		36.4	47.0		42.0
RHODE ISLAND	56.5	51.7		62.3			56.3
SOUTH CAROLINA	77.9		15.2		54.7	29.5	48.0
SOUTH DAKOTA	46.5		30.7	73.7	51.6	31.1	47.5
TENNESSEE	74.5		38.7		51.2	18.2	52.9
TEXAS	66.7	95.6	45.1		66.6	50.7	60.4
UTAH	76.0	85.0	70.8		38.0	54.0	61.0
VERMONT	62.3			72.2	56.0		60.5
VIRGINIA	58.5	50.0	23.8	70.1	30.1	21.3	46.0
WASHINGTON	70.0	64.[illegible]			29.8	64.1	54.9
WEST VIRGINIA		48.3			35.9	33.8	37.3
WISCONSIN	68.4	71.4			69.0	36.6	62.4
WYOMING	64.5				66.9	45.9	62.1
AVERAGE	66.9	61.2	44.7	73.7	54.4	43.0	56.6

FOOTNOTES

A BLANK SPACE INDICATES NO SPEED MONITORING REQUIRED OR PERFORMED.

FY87: AVERAGE SPEED (MPH)

STATE	URBAN			RURAL			STATEWIDE VALUE
	INTERSTATE SYSTEM	FREEWAY & EXPRESSWAY	OTHER ARTERIALS	INTERSTATE SYSTEM	OTHER ARTERIALS	MAJOR COLLECTORS	
ALABAMA	59.2		54.2		56.1	54.6	56.1
ALASKA			59.0		58.0	51.5	57.5
ARIZONA	55.4				58.5	55.8	57.0
ARKANSAS	57.6	60.2			55.3	55.3	55.8
CALIFORNIA	55.0	56.9	52.7	62.6	59.8	57.7	56.7
COLORADO	54.2	61.0			55.4	60.1	54.9
CONNECTICUT	56.2	56.2		53.4	57.4		55.8
DELAWARE	58.9				56.2		57.4
FLORIDA	59.0		56.3	61.1	58.1	54.7	57.9
GEORGIA	60.7	57.7	51.6	60.6	53.3	61.9	56.3
HAWAII	58.4				51.3	52.1	55.0
IDAHO	59.8			60.0	53.0	54.7	55.1
ILLINOIS	56.4	56.5	53.8		56.0	54.0	55.3
INDIANA	61.0	60.3	53.5	62.1	56.4	55.0	57.1
IOWA	55.4				55.8	55.1	55.6
KANSAS	58.5	57.6	56.4		56.9	55.5	56.9
KENTUCKY	54.6	53.8	48.3		54.5	45.9	51.3
LOUISIANA	41.7		54.7	62.4	56.4	55.3	52.8
MAINE	59.9	57.0			54.0	55.2	55.1
MARYLAND	56.6	53.4	51.8	57.7	55.9		56.0
MASSACHUSETTS	57.6	53.6	59.7	59.3	55.9		57.1
MICHIGAN	62.6	59.5	57.6	63.4	55.5	54.4	58.1
MINNESOTA	58.0	57.6	57.0		57.2	53.7	56.7
MISSISSIPPI	59.5				56.1	52.7	55.2
MISSOURI	58.4	54.5			56.8	53.2	56.2
MONTANA	57.5				57.1	52.2	56.2
NEBRASKA	59.1				57.0	56.7	57.2
NEVADA	57.6	56.5	54.4	59.7	58.2	55.8	57.3
NEW HAMPSHIRE	58.0	58.4	54.8	59.3	55.4	54.2	56.3
NEW JERSEY	57.7	56.9	54.1	54.9	54.1		56.4
NEW MEXICO	59.5		50.7		52.8	57.6	54.8
NEW YORK	61.8	58.3	54.9	64.6	54.0	53.3	57.9
NORTH CAROLINA	56.0		57.3	60.6	55.3	52.9	55.2
NORTH DAKOTA	57.9				58.2	57.9	58.1
OHIO	58.9	57.8	57.7	59.9	58.1	55.7	57.8
OKLAHOMA	56.6	56.2			56.9	56.8	56.8
OREGON	58.7	55.4	52.9	61.6	56.5	50.7	57.0
PENNSYLVANIA	59.6	58.2	48.7	60.3	53.5	54.3	56.1
PUERTO RICO	53.4	54.1		51.4	54.5		53.3
RHODE ISLAND	57.0	56.3		57.7			56.9
SOUTH CAROLINA	59.3		49.1		56.9	51.5	55.2
SOUTH DAKOTA	57.3		53.9	61.3	57.6	54.2	56.9
TENNESSEE	59.4		55.3		55.3	45.5	55.3
TEXAS	56.4	56.5	53.0		57.8	51.1	55.7
UTAH	59.2	54.1	52.3		56.0	53.0	56.7
VERMONT	57.2			59.1	56.3		57.0
VIRGINIA	53.8	55.0	51.1	59.0	51.4	47.9	53.0
WASHINGTON	57.7	57.2			52.2	57.1	55.6
WEST VIRGINIA		55.0			53.0	46.1	51.0
WISCONSIN	57.9	58.0			58.3	50.2	56.5
WYOMING	60.6				58.0	54.9	57.4
AVERAGE	57.6	56.8	54.0	59.7	55.9	53.4	56.0

FOOTNOTES

A BLANK SPACE INDICATES NO SPEED MONITORING REQUIRED OR PERFORMED.

FY87: MEDIAN SPEED (MPH)

STATE	URBAN			RURAL			STATEWIDE VALUE
	INTERSTATE SYSTEM	FREEWAY & EXPRESSWAY	OTHER ARTERIALS	INTERSTATE SYSTEM	OTHER ARTERIALS	MAJOR COLLECTORS	
ALABAMA	56.1		54.1		56.0	54.1	55.3
ALASKA			58.5		57.7	51.2	57.1
ARIZONA	56.0				58.7	55.0	57.3
ARKANSAS	57.7	60.0			55.7	55.5	56.1
CALIFORNIA	57.6	58.5	53.3	63.1	59.2	58.2	58.1
COLORADO	56.2	60.5			55.8	50.5	55.9
CONNECTICUT	56.3	56.1		52.7	57.7		55.8
DELAWARE	58.2				55.8		56.9
FLORIDA	58.6		55.9	61.1	57.7	54.1	57.5
GEORGIA	61.4	58.7	53.8	61.5	54.0	52.0	57.4
HAWAII	58.5				51.5	52.4	55.2
IDAHO	59.8			60.6	53.6	56.5	56.0
ILLINOIS	57.2	56.4	53.3		55.9	53.8	55.5
INDIANA	60.5	59.4	53.1	61.0	55.8	55.0	56.7
IOWA	55.8				55.9	55.1	55.7
KANSAS	59.2	57.8	57.4		57.4	57.5	56.6
KENTUCKY	51.0	50.7	45.7		50.9	45.8	48.9
LOUISIANA	41.8		55.1	62.4	57.0	55.7	53.2
MAINE	60.4	58.1			54.4	55.9	55.5
MARYLAND	58.7	54.6	52.0	58.4	56.3		57.3
MASSACHUSETTS	58.9	54.8	58.8	59.1	56.4		58.2
MICHIGAN	63.3	60.1	58.6	63.8	56.0	55.3	58.8
MINNESOTA	57.6	58.2	58.5		57.3	54.5	57.0
MISSISSIPPI	60.2				57.5	55.6	57.0
MISSOURI	59.1	54.9			57.6	53.7	56.9
MONTANA	58.0				58.2	49.9	56.7
NEBRASKA	59.4				57.5	57.0	57.6
NEVADA	58.2	57.0	54.6	61.0	59.0	56.0	57.9
NEW HAMPSHIRE	59.1	59.8	55.6	60.2	56.0	54.9	57.1
NEW JERSEY	57.0	56.0	53.6	53.8	53.5		55.7
NEW MEXICO	59.3		50.7		52.6	58.5	54.9
NEW YORK	61.4	58.2	54.5	63.3	54.1	53.8	57.6
NORTH CAROLINA	57.1		58.1	61.0	56.8	54.2	56.5
NORTH DAKOTA	58.3				59.0	59.1	58.9
OHIO	59.4	57.9	58.0	60.0	58.4	56.2	58.2
OKLAHOMA	57.0	57.0			57.0	57.0	57.0
OREGON	58.2	54.7	52.8	61.4	56.2	49.8	56.6
PENNSYLVANIA	60.3	58.8	49.2	60.7	54.2	54.8	56.7
PUERTO RICO	53.8	54.9		52.1	55.3		54.0
RHODE ISLAND	57.2	56.3		57.9			57.1
SOUTH CAROLINA	59.3		49.0		56.3	50.9	54.7
SOUTH DAKOTA	54.5		51.8	58.9	55.2	51.6	54.5
TENNESSEE	59.2		55.1		55.2	44.7	55.1
TEXAS	56.4	56.0	54.2		57.6	50.5	55.6
UTAH	54.5	50.0	52.8		55.5	54.0	54.4
VERMONT	57.4			59.1	56.5		57.2
VIRGINIA	56.0	55.0	51.0	59.0	53.0	49.0	54.2
WASHINGTON	58.4	57.9			52.6	58.1	56.2
WEST VIRGINIA		55.6			54.1	46.2	51.7
WISCONSIN	58.3	58.6			58.2	52.0	57.0
WYOMING	59.0				59.1	55.2	58.2
AVERAGE	57.7	56.9	54.1	59.7	56.1	53.8	56.2

FOOTNOTES

A BLANK SPACE INDICATES NO SPEED MONITORING REQUIRED OR PERFORMED.

FY87: 85TH PERCENTILE SPEED (MPH)

STATE	URBAN INTERSTATE SYSTEM	URBAN FREEWAY & EXPRESSWAY	URBAN OTHER ARTERIALS	RURAL INTERSTATE SYSTEM	RURAL OTHER ARTERIALS	RURAL MAJOR COLLECTORS	STATEWIDE VALUE
ALABAMA	66.6		60.7		62.9	61.1	62.9
ALASKA			64.2		64.2	58.2	63.6
ARIZONA	61.9				65.1	62.6	63.6
ARKANSAS	65.2	68.0			62.8	63.7	63.6
CALIFORNIA	65.5	65.4	60.2	69.4	66.7	65.4	65.5
COLORADO	62.0	66.8			62.2	56.9	62.0
CONNECTICUT	63.8	63.0		59.7	65.4		63.1
DELAWARE	64.8				61.5		62.9
FLORIDA	65.5		63.3	67.4	64.6	61.5	64.5
GEORGIA	68.4	65.5	60.8	71.2	62.6	60.3	65.3
HAWAII	65.7				58.7	58.8	62.3
IDAHO	65.8			66.0	59.7	63.0	62.1
ILLINOIS	65.0	62.4	59.5		62.3	60.6	62.5
INDIANA	66.4	64.8	59.5	66.9	61.9	61.7	63.5
IOWA	60.7				61.2	62.1	61.4
KANSAS	65.2	64.9	62.7		64.0	64.9	64.4
KENTUCKY	60.6	55.7	55.2		60.6	55.3	58.3
LOUISIANA	45.9		61.0	68.5	63.0	63.4	59.3
MAINE	67.0	64.3			60.8	62.5	62.0
MARYLAND	65.3	61.0	58.6	65.0	62.2		63.7
MASSACHUSETTS	66.6	61.8	66.9	65.6	63.1		65.7
MICHIGAN	70.4	65.7	65.2	70.5	62.4	61.0	65.1
MINNESOTA	62.4	63.9	61.8		62.0	63.0	62.4
MISSISSIPPI	66.6				65.5	65.4	65.5
MISSOURI	65.5	61.7			63.9	62.1	63.7
MONTANA	64.1				65.9	60.0	64.0
NEBRASKA	64.4				62.1	63.3	62.6
NEVADA	64.5	63.7	60.6	67.8	65.9	63.4	64.7
NEW HAMPSHIRE	66.4	66.4	60.7	66.4	62.5	60.7	63.7
NEW JERSEY	61.9	61.3	60.2	60.5	60.3		61.2
NEW MEXICO	70.0		59.1		61.1	60.3	64.0
NEW YORK	60.0	64.5	62.8	69.6	60.8	61.2	64.5
NORTH CAROLINA	63.3		63.8	66.9	63.1	60.4	62.6
NORTH DAKOTA	64.2				64.8	66.3	65.1
OHIO	65.9	63.8	64.3	65.8	64.2	62.4	64.4
OKLAHOMA	63.0	63.0			63.0	63.0	63.0
OREGON	64.4	61.0	59.1	68.2	63.2	58.4	63.6
PENNSYLVANIA	66.8	65.9	58.2	68.6	60.6	63.1	63.9
PUERTO RICO	63.5	63.9		62.9	64.8		63.7
RHODE ISLAND	64.8	63.9		64.9			64.6
SOUTH CAROLINA	65.5		54.2		62.4	59.2	61.4
SOUTH DAKOTA	60.5		57.9	65.3	61.3	58.7	60.8
TENNESSEE	66.2		61.6		62.1	53.4	62.2
TEXAS	63.6	63.0	61.4		64.3	59.5	63.0
UTAH	60.8	56.5	59.2		63.2	60.0	61.2
VERMONT	64.0			66.3	63.3		64.0
VIRGINIA	63.0	61.0	58.0	65.0	60.0	57.0	61.1
WASHINGTON	63.9	63.4			59.2	64.7	62.2
WEST VIRGINIA		63.7			60.9	56.6	59.6
WISCONSIN	64.3	63.7			63.6	60.4	63.0
WYOMING	68.3				66.9	64.0	66.3
AVERAGE	64.5	63.4	60.7	66.5	62.8	61.3	63.1

FOOTNOTES

A BLANK SPACE INDICATES NO SPEED MONITORING REQUIRED OR PERFORMED.

FY87: PERCENT EXCEEDING 65MPH

STATE	URBAN			RURAL			STATEWIDE VALUE
	INTERSTATE SYSTEM	FREEWAY & EXPRESSWAY	OTHER ARTERIALS	INTERSTATE SYSTEM	OTHER ARTERIALS	MAJOR COLLECTORS	
ALABAMA	42.2		16.8		24.9	17.7	25.4
ALASKA			38.6		34.7	8.2	31.8
ARIZONA	20.6				39.0	18.8	29.8
ARKANSAS	36.5	49.6			24.1	26.1	27.4
CALIFORNIA	34.2	36.6	11.2	65.9	47.5	31.8	37.1
COLORADO	25.7	51.4			23.5	10.1	25.6
CONNECTICUT	29.4	26.6		13.8	37.1		26.9
DELAWARE	38.3				19.4		27.5
FLORIDA	41.5		26.7	57.2	35.8	19.0	35.1
GEORGIA	52.2	35.1	13.8	52.2	19.2	12.4	32.8
HAWAII	37.3				0.0	0.0	23.1
IDAHO	41.2			47.0	8.4	20.9	20.5
ILLINOIS	35.6	23.1	11.9		21.7	16.1	25.2
INDIANA	53.1	45.9	12.1	57.5	20.7	19.6	28.7
IOWA	16.5				19.8	22.3	20.0
KANSAS	30.1	31.9	24.5		31.8	30.9	32.6
KENTUCKY	25.3	12.9	4.7		24.0	6.4	16.7
LOUISIANA	22.0		16.1	61.0	28.1	25.3	26.0
MAINE	46.5	29.2			13.8	18.8	19.4
MARYLAND	42.5	21.5	8.6	36.5	25.0		33.3
MASSACHUSETTS	40.9	19.5	53.5	38.9	28.3		36.9
MICHIGAN	63.2	43.9	35.9	68.7	23.9	14.8	37.6
MINNESOTA	35.6	34.4	26.2		31.4	27.4	31.2
MISSISSIPPI	50.9				37.0	32.4	36.4
MISSOURI	41.0	23.8			28.9	22.7	30.6
MONTANA	27.4				34.4	12.9	30.3
NEBRASKA	43.1				27.8	24.9	29.0
NEVADA	31.5	25.3	13.2	50.0	37.9	22.3	31.6
NEW HAMPSHIRE	40.4	43.8	13.2	45.3	19.5	13.5	26.5
NEW JERSEY	38.4	28.7	16.3	17.8	16.9		28.8
NEW MEXICO	40.5		8.5		15.2	38.0	24.1
NEW YORK	58.9	38.4	23.5	73.3	17.1	18.0	38.2
NORTH CAROLINA	23.5		27.0	49.9	22.1	11.9	21.5
NORTH DAKOTA	31.3				33.4	34.8	33.6
OHIO	39.7	25.5	28.8	43.0	28.8	18.6	30.3
OKLAHOMA	28.1	26.7			32.4	32.1	31.4
OREGON	40.0	44.0	12.4	60.6	18.6	15.2	32.7
PENNSYLVANIA	45.1	36.9	6.8	48.1	12.7	20.7	29.0
PUERTO RICO	20.7	22.6		19.3	25.7		21.8
RHODE ISLAND	29.2	24.7		30.3			28.3
SOUTH CAROLINA	57.0		6.3		35.6	11.9	29.6
SOUTH DAKOTA	18.0		10.8	43.0	22.0	12.4	20.2
TENNESSEE	44.1		19.7		21.4	2.1	25.7
TEXAS	27.7	26.8	18.8		33.9	13.3	26.2
UTAH	39.0	16.0	34.5		17.0	17.0	29.3
VERMONT	29.3			41.8	24.4		28.6
VIRGINIA	22.3	16.5	5.7	37.8	11.1	6.0	18.0
WASHINGTON	29.1	27.7			15.8	25.6	24.1
WEST VIRGINIA		22.3			14.5	8.3	12.7
WISCONSIN	29.7	32.0			28.7	15.4	26.3
WYOMING	40.6				39.3	23.2	35.8
AVERAGE	36.4	30.4	18.8	46.1	25.3	18.7	28.1

FOOTNOTES

A BLANK SPACE INDICATES NO SPEED MONITORING REQUIRED OR PERFORMED.

FY87: PERCENT EXCEEDING 65MPH

STATE	URBAN			RURAL			STATEWIDE VALUE
	INTERSTATE SYSTEM	FREEWAY & EXPRESSWAY	OTHER ARTERIALS	INTERSTATE SYSTEM	OTHER ARTERIALS	MAJOR COLLECTORS	
ALABAMA	19.3		3.9		8.0	6.0	9.2
ALASKA			10.3		11.2	2.3	10.1
ARIZONA	4.8				14.6	6.3	9.8
ARKANSAS	15.2	23.6			7.8	10.7	10.3
CALIFORNIA	12.7	12.0	3.3	20.3	16.8	12.6	13.3
COLORADO	6.6	19.4			6.6	3.5	7.5
CONNECTICUT	10.7	7.3		5.5	15.7		9.5
DELAWARE	14.1				4.7		8.7
FLORIDA	16.1		9.0	23.3	13.3	8.1	13.1
GEORGIA	22.2	12.9	3.3	29.3	6.0	5.0	14.4
HAWAII	13.7				2.8	3.4	8.5
IDAHO	13.9			14.9	1.8	6.1	6.0
ILLINOIS	14.9	6.0	3.0		6.6	5.4	9.3
INDIANA	19.1	13.6	2.6	21.0	5.5	6.1	9.1
IOWA	2.9				4.5	7.3	5.0
KANSAS	13.5	11.5	5.8		11.7	12.7	12.1
KENTUCKY	9.1	2.8	1.3		9.0	2.0	5.9
LOUISIANA	5.2		3.6	29.4	8.3	9.5	8.2
MAINE	17.4	7.9			4.3	6.0	6.4
MARYLAND	14.6	5.2	1.7	11.5	7.0		10.6
MASSACHUSETTS	18.2	7.0	24.3	15.9	12.2		15.9
MICHIGAN	34.5	13.0	10.7	35.0	6.9	3.5	16.0
MINNESOTA	7.3	12.0	6.6		9.9	9.6	9.1
MISSISSIPPI	22.1				16.7	16.2	16.9
MISSOURI	13.2	4.4			7.6	8.2	9.1
MONTANA	7.2				14.4	7.1	12.8
NEBRASKA	12.1				6.8	7.9	7.5
NEVADA	8.4	6.8	3.0	20.1	14.6	7.6	10.6
NEW HAMPSHIRE	16.0	16.0	2.8	16.0	5.0	3.3	8.6
NEW JERSEY	13.3	8.1	3.7	3.0	3.8		8.9
NEW MEXICO	21.2		2.5		6.1	18.5	11.1
NEW YORK	26.5	12.2	8.3	37.9	4.7	5.2	15.6
NORTH CAROLINA	4.6		5.9	17.3	5.4	2.8	5.3
NORTH DAKOTA	10.4				9.8	14.9	11.1
OHIO	14.8	6.6	7.8	13.6	7.2	5.2	9.5
OKLAHOMA	4.3	3.8			7.5	8.9	7.3
OREGON	12.5	12.6	2.6	25.5	5.7	5.2	11.7
PENNSYLVANIA	17.1	14.4	1.7	21.6	4.2	7.3	11.5
PUERTO RICO	9.4	9.4		8.1	11.6		9.4
RHODE ISLAND	10.4	8.2		10.7			9.9
SOUTH CAROLINA	25.6		2.1		13.3	5.0	11.8
SOUTH DAKOTA	5.6		3.0	16.0	6.3	4.9	6.1
TENNESSEE	17.8		5.5		6.5	0.5	9.1
TEXAS	10.1	11.3	5.6		11.7	5.8	9.7
UTAH	16.9	4.0	9.0		15.0	6.0	13.7
VERMONT	8.9			16.7	7.4		9.3
VIRGINIA	6.6	3.0	1.1	10.5	2.2	1.5	4.7
WASHINGTON	5.9	6.2			2.1	10.2	4.7
WEST VIRGINIA		8.9			4.6	1.0	4.4
WISCONSIN	9.8	10.9			10.0	5.7	9.2
WYOMING	20.2				16.8	9.4	15.3
AVERAGE	13.4	9.7	5.3	18.8	8.4	6.8	9.9

FOOTNOTES

A BLANK SPACE INDICATES NO SPEED MONITORING REQUIRED OR PERFORMED.

RECALL NOTICES

SENATOR LAUTENBERG: Provide an executive summary of the in-house study on effectiveness of recall notices that was initiated in January 1987 and supposed to be completed December 1987.

ANSWER: The requested information follows:

Phase 1 Test

- The purpose of Phase 1 is to compare the effectiveness of a simplified letter and the letter required by current regulations as well as a reminder post card.
- The reminder post card was sent 30 days after the original letter.
- The recall population to be studied was divided into four groups as follows:

Group I	Current letter
Group II	Current letter & Reminder Card
Group III	Simplified letter
Group IV	Simplified letter & Reminder card

Conclusions and Recommendations

- Completion rates are marginally higher for the simplified letter (37.0 percent) than for the current letter (35.7 percent).
- Sending a reminder card increases completion rates slightly (between 3 and 4 percent).
- A letter has been sent to all manufacturers requesting that reminder cards be used.
- A statutory change has been requested to give the Secretary authority to require reminder card use where necessary.

Phase 2 Test

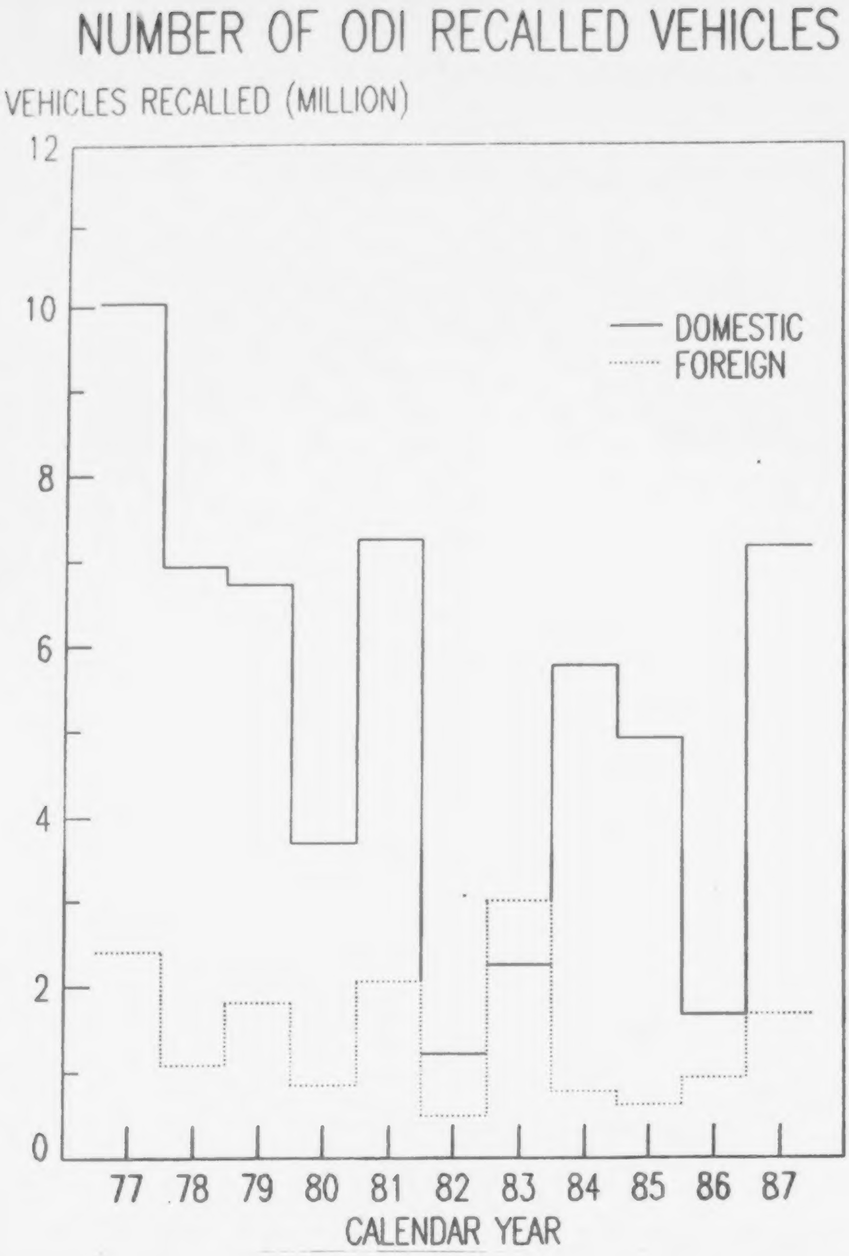
- The purpose of Phase 2 is to test the effectiveness of an additional simplification to the letter language.
- The simplification is to waive the opening statement require by regulation and allow alternative and creative language.
- One half of the owners were sent the current letter and the other half the revised simplified letter.

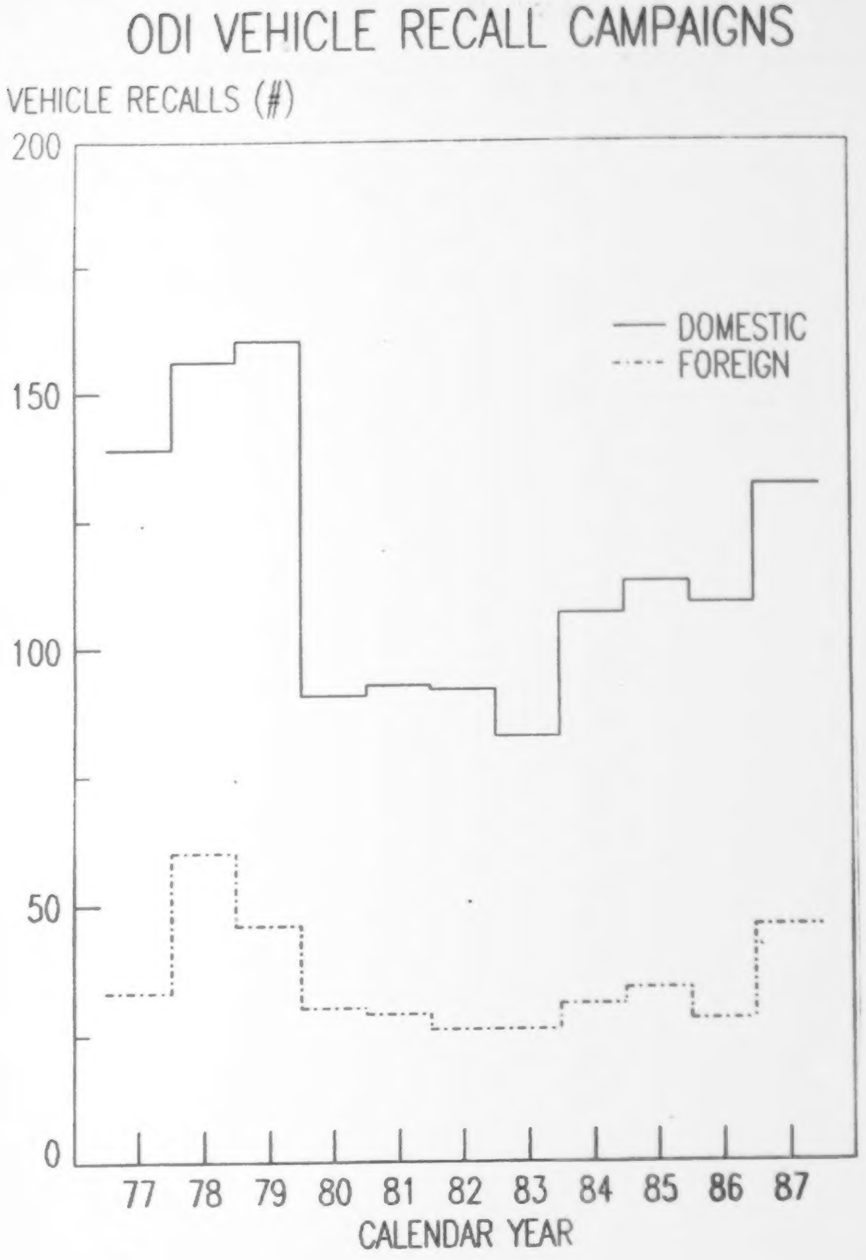
Conclusions and Recommendations

- The results to date show no significant difference in recall completion rates for the simplified letter over the current letter.
- NHTSA will pursue, as appropriate, rulemaking revisions to 49CFR Part 577 to eliminate unnecessary language requirements and to allow the use of simplified language.

SENATOR LAUTENBERG: Update the recalled vehicles and recall campaign charts on pages 718 and 719 of Senate Hearing 100 - 354, Part 1.

ANSWER: The requested charts follow:


NUMBER OF ODI RECALLED VEHICLES
VEHICLES RECALLED (MILLION)
12
10
8
6
4
2
0
DOMESTIC
FOREIGN
77
78
79
80
81
82
83
84
85
86
87
CALENDAR YEAR


ODI VEHICLE RECALL CAMPAIGNS
VEHICLE RECALLS (#)
200
150
100
50
0
DOMESTIC
FOREIGN
77
78
79
80
81
82
83
84
85
86
87
CALENDAR YEAR

STANDARDS TESTING

SENATOR LAUTENBERG: Update the chart regarding failure rates on tested Federal Standards found on page 176 of Senate Hearings 100 - 354, Part 1.

ANSWER: The requested table follows.

FISCAL YEAR 1987

FMVSS NO.	DESCRIPTION	NO. OF TESTS	NO. OF ITEMS	NO. OF FAILURES	PERCENT FAILURES
105	Hydraulic Brake System	24	24	3	13
106	Brake Hoses	40	760	110	15
108	Lamps, Reflective Devices, and Associated Equipment	276	276	21	8
109	New Pneumatic Tires - Passenger Cars	320	640	0	0
110	Tire Selection and Rims	10	10	0	0
111	Rearview Mirrors	10	10	0	0
116	Hydraulic Brake Fluids	24	24	15*	63
119	New Pneumatic Tires - Other Than Pass. Cars	110	160	0	0
204	Steering Control Rearward Displacement	5	5	0	0
206	Door Locks and Door Retention Components	32	192	0	0
208	Occupant Crash Protection	12	12	0	0
209	Seat Belt Assemblies	34	510	3	1
210	Seat Belt Assembly Anchorages	10	10	0	0
212	Windshield Mounting	12	12	0	0
213	Child Seating Systems	25	0	0	0
214	Side Door Strength	4	4	0	0
217	Bus Window Retention and Release	12	12	6	50
219	Windshield Zone Intrusion	12	12	0	0
222	School Bus Passenger Seating - Crash Protection	3	3	1	33
301	Fuel System Integrity	26	26	0	0
302	Flammability of Interior Materials	10	240	0	0

* Includes labeling failures

EMPLOYEE AWARDS

SENATOR LAUTENBERG: List all employees receiving Senior Executive Service Bonus Awards for Fiscal Years 1985, 1986, and 1987 (with amounts).

ANSWER: SES bonuses are awarded on a calendar year basis and reflect compensation for performance of the prior fiscal year. For example, FY 1987 performance bonuses were awarded in December 1987. Display of prior year bonuses have been revised in order to provide compatable data.

The SES bonus awards made for FY 1985, FY 1986 and FY 1987 follows:

Fiscal Year 1985

Spielberger, Adele Derby	Associate Administrator for Plans and Policy	$6,140
Boehly, William	Director, Office of Market Incentives (Rulemaking)	5,980
Allen, David W.	Assistant Chief Counsel (Litigation)	5,980
Brownlee, Michael	Director, Office of Occupant Protection (TSP)	5,980
Reagle, George L.	Associate Administrator for Traffic Safety Programs	4,020
Smolkin, Howard M.	Managing Director	4,130
Parker, George L.	Associate Administrator for Enforcement	4,020
Kranidas, Ellen	Director, Office of Regulatory Analysis (Plans and Policy)	3,920
Total		$40,170

Fiscal Year 1986

Allen, David W.	Assistant Chief Counsel (Litigation)	$6,850
Smolkin, Howard M.	Managing Director	5,000
Finkelstein, Michael	Associate Administrator for Research and Development	4,900
Reagle, George L.	Associate Administrator for Traffic Safety Programs	4,900
Spielberger, Adele Derby	Associate Administrator for Plans and Policy	4,900
Boehly, William	Director, National Center for Statistics and Analysis	4,750
Scott, William E.	Director, Office of Alcohol and State Programs	4,750
Total		$36,050

Fiscal Year 1987

Smolkin, Howard M.	Managing Director	$6,750

Spielberger, Adele Derby	Associate Administrator for Plans and Policy	6,575
Parker, George L.	Associate Administrator for Enforcement	6,575
Boehly, William	Director, Office of Market Incentives (Rulemaking)	6,400
Felrice, Barry	Associate Administrator for Rulemaking	4,250
Finkelstein, Michael	Associate Administrator for Research and Development	4,250
Bischoff, Donald	Director, Office of Regulatory Analysis	4,125
Walsh, William	Director, Office of Budget, Planning and Policy Development	4,125
Total		$43,050

CORPORATE AVERAGE FUEL ECONOMY (CAFE)

SENATOR LAUTENBERG: Update the tables found on pages 705 through 707 of Senate Hearings 100 - 354, Part 1, regarding Corporate Average Fuel Economy.

Answer: The requested tables have been updated on the attached pages.

Fuel Economy Summary for Major Automobile Manufacturers

NOTE: Calculation is for the MY ONLY; no 3 yr carryforward or carryback

Excess/(Shortfall)=[CAFE std - fleet mpg from EPA] x 10 x sales x $5

Auto CAFEs 24.0 26.0 27.0 27.5 26.0

Domestic	MY 1982	MY 1983	MY 1984	MY 1985	MY 1986
AMC	$856,290	($2,362,300)	none	none	none
Chrysler	$109,653,120	$33,648,660	$39,575,000	$17,041,845	$82,575,360
Ford	$68,685,000	($109,422,880)	($123,739,380)	($92,745,675)	$102,273,200
GM	$102,069,180	($350,399,700)	($508,705,995)	($385,798,085)	$133,905,360

Import	MY 1982	MY 1983	MY 1984	MY 1985	MY 1986
AMSC*	$16,489,030	$78,584,240	$83,850,860	$39,486,440	$30,603,750
BMW	$5,486,945	$498,140	$4,813,000	($4,730,605)	($1,275,795)
Chrysler	$44,845,440	$35,700,850	$39,949,530	$37,866,315	$73,143,540
Ford	$388,585	$360,500	$457,090	($1,503,625)	($1,183,200)
GM	none	none	none	$83,971,895	$255,749,880
Honda*	$175,035,465	$200,872,000	$212,506,800	$189,655,200	$210,556,500
Jaguar	($2,260,250)	($4,297,260)	($5,958,020)	($8,799,010)	($8,040,550)
Mazda*	$52,940,660	$26,911,000	$30,618,360	$30,872,380	$38,705,700
Merc-Benz	$8,215,870	$4,264,260	($3,115,280)	($17,989,530)	($20,214,700)
Mitsubishi	none	$8,460,720	$8,866,040	$13,146,980	$18,769,850
Nissan*	$173,701,800	$186,319,790	$138,607,700	$68,364,140	$92,507,310
Peugeot	$2,537,400	($235,940)	($1,930,100)	($2,397,405)	($793,080)
SAAB	$519,720	$698,190	($1,650,550)	($2,192,190)	$724,500
Subaru	$62,605,600	$32,210,500	$32,905,215	$27,873,030	$37,385,940
Toyota	$187,105,920	$199,727,635	$175,486,675	$171,293,400	$212,619,140
Volvo	$3,901,900	$2,089,075	$0	($1,496,280)	$4,614,560
VW	$104,320,730	$34,756,500	$28,486,500	$38,614,650	$50,798,970

Lt Trk mfgrs may choose to meet separate 2wd & 4wd stds or combined std

CAFE std 18.0 19.5 20.3 19.7 20.5

Dom LT 2wd	MY 1982	MY 1983	MY 1984	MY 1985	MY 1986
AMC*	$3,124,455	$2,334,885	none	$1,045,000	$5,248,000
Ford	see 2+4 comb	$5,805,360	($40,662,115)	($6,199,730)	see 2+4 comb
GM	$101,470,440	$30,368,150	($15,471,280)	$14,262,690	($22,004,500)

* MY 1986 results based on manufacturers mid model year reports

Light Trucks (continued)

CAFE std	16.0	17.5	18.5	18.9	19.5
Dom LT 4wd	MY 1982	MY 1983	MY 1984	MY 1985	MY 1986
AMC*	$16,517,340	$9,107,460	$13,385,440	$12,810,000	$10,968,000
Ford	see 2+4 comb	($2,231,595)	($1,664,180)	($1,565,915)	see 2+4 comb
GM	$13,797,600	$35,654,250	$23,552,900	$20,822,600	($14,780,205)

CAFE std	17.5	19.0	20.0	19.5	20.0
Dom LT 2+4	MY 1982	MY 1983	MY 1984	MY 1985	MY 1986
Chrysler*	$10,586,760	($13,040,580)	($30,435,680)	($10,284,440)	($6,360,555)
Ford*	($9,723,520)	see 2wd & 4wd	see 2wd & 4wd	see 2wd & 4wd	$11,940,120

CAFE std	18.0	19.5	20.3	19.7	20.5
Imp LT 2wd	MY 1982	MY 1983	MY 1984	MY 1985	MY 1986
Chrysler	$11,743,160	$8,198,400	$13,162,440	$19,796,745	see 2+4 comb
Ford*	$12,034,790	$132,240	$424,840	$53,550	$148,000
Isuzu	$12,568,100	$12,156,480	$22,311,995	$17,134,515	$35,439,410
Mazda*	$20,088,560	$36,189,330	$77,334,270	none	$61,387,200
Mitsubishi	none	$2,866,760	$3,304,800	$10,232,330	$10,576,770
Nissan*	$55,441,680	$34,914,000	$52,934,700	$50,350,360	$64,840,200
Toyota	$43,845,850	$35,641,340	$55,714,880	$97,202,545	$93,541,920
VW	$14,333,970	$984,010	$423,480	$1,527,920	see 2+4 comb

CAFE std	16.0	17.5	18.5	18.9	19.5
Imp LT 4wd	MY 1982	MY 1983	MY 1984	MY 1985	MY 1986
Chrysler	$4,897,500	$3,297,280	$4,080,970	$3,976,605	see 2+4 comb
Isuzu	$1,748,030	$1,824,075	$3,862,290	$3,907,875	$13,846,860
Mitsubishi	none	$1,234,240	$1,222,470	$1,165,300	$1,484,610
Nissan*	$12,770,055	$8,015,475	$11,283,525	$10,368,695	$13,231,830
Subaru	$62,605,600	$25,961,250	$28,847,620	$31,646,400	$37,216,425
Suzuki	$1,324,765	$1,683,500	$2,535,860	$2,826,450	$25,026,720
Toyota	$19,691,430	$15,555,050	$18,184,935	$31,000,250	$38,959,240

CAFE std	17.5	19.0	20.0	19.5	20.0
Imp LT 2+4	MY 1982	MY 1983	MY 1984	MY 1985	MY 1986
Chrysler*	see 2wd & 4wd	see 2wd & 4wd	see 2wd & 4wd	see 2wd & 4wd	($6,360,555)
VW	see 2wd & 4wd	see 2wd & 4wd	see 2wd & 4wd	see 2wd & 4wd	$11,940,120

* MY 1986 results based on manufacturers mid model year reports

VEHICLE RESEARCH AND TEST CENTER (VRTC)

SENATOR LAUTENBERG: Update the chart appearing on page 686 of Senate Hearing 100-354, Part 1, regarding funds for the VRTC (fiscal years 1985 through 1987, and estimated for fiscal years 1988 and 1989).

ANSWER: The Federal Funds provided to or budgeted for the Vehicle Research and Test Center (VRTC) for FY 1985 through FY 1989 are broken down in to five categories as follows:

Category	FY 1985	FY 1986	FY 1987	(Estimate) FY 1988	(Estimate) FY 1989
Enforcement	$440,000	$117,000	$169,000	$185,000	$240,000
Administrative	716,000	982,000	893,000	900,000	920,000
Crashworthiness	1,546,000	992,000	1,089,000	1,319,000	1,100,000
Crashavoidance	323,000	529,000	1,060,000	522,000	900,000
Biomechanics	646,000	665,000	853,000	690,000	850,000
Total	$3,671,000	$3,285,000	$4,064,000	$3,616,000	$4,010,000

GRAY MARKET VEHICLES

SENATOR LAUTENBERG: Update the data on gray market found on page 709 of Senate Hearings 100 - 354, Part 1.

ANSWER: The updated table follows.

FISCAL YEAR	CONTRACT FUNDING	OFFICE OF VEHICLE SAFETY COMPLIANCE PERSONNEL	CONTRACTOR PERSONNEL
1981	$ 90,000	8	0
1982	$ 144,000	8	5
1983	$ 335,000	8	10
1984	$ 655,000	8	15
1985	$1,100,000	10*	24
1986	$1,400,000	10	20
1987	$1,100,000	9	17
1988	$ 980,000	7	12

* Excludes 10 engineers on temporary assignment

FISCAL YEAR	NUMBER OF VEHICLES IMPORTED
1980	2,400
1981	2,697
1982	4,024
1983	16,097
1984	30,850
1985	60,374
1986	37,095
1987	11,717
1988	9,000 (Estimated)

QUESTIONS SUBMITTED BY SENATOR D'AMATO

55 MPH SPEED LIMIT

SENATOR D'AMATO: What is NHTSA doing to gather more complete data on the deaths and injuries associated with the 65 mph speed limit as compared to lower speed limits?

ANSWER: NHTSA is gathering three basic types of data for analysis of the 65 mph speed limit issue; 1) data on fatalities 2) data on crashes and injuries and 3) data on travel speeds.

The data on fatalities are from the agency's Fatal Accident Reporting System. These data provide fatality counts on all roadway types in states with and without the increased speed limit.

Data concerning crashes and injuries are obtained from state accident files. These files contain information on all police reported crashes in a state and provide crash and injury counts on all roadway types. Data for both states with and without the increased speed limit will be used. At this time, NHTSA has accident files from eighteen states. We have asked for additional states' accident files to conduct analyses of the 65 mph speed limit safety impact.

All states are required by Federal law to submit speed data on their 55 mph roads. States are not required to collect speed data on highways posted at speeds above 55 mph. Many states, however, do collect such data and NHTSA has requested this information from several states. We will continue our attempts to collect additional travel speed information so that we can compare travel speed data with casualty data.

These various data sources will be analyzed for preparation of our reports on the new speed limits. Our first report will be submitted to the Appropriation Committees this Spring.

SENATOR D'AMATO: How do you respond to recent criticism that NHTSA should not have released data late last year on highway deaths that may be associated with increased state speed limits? As you know, this data -- which did not reflect a full year of experience with the new higher speeds -- was released prior to Congress completing action on the FY 1988 CR, which contained a provision allowing 20 states to raise their speed limits up to 65 on designated highways.

ANSWER: We agree that the figures released last December were extremely fragmentary and preliminary with virtually no statistical validity. We would have preferred not to have released the raw data. However, as we were requested to provide the information by the Chairman of the House Public Works and Transportation Committee, we felt obligated to do so. We explicitly cautioned all readers against drawing any conclusions based on those figures in a cover sheet that said the following:

> The agency emphasizes that these are only short-term (less than four months) data for selected states, and cautions against drawing conclusions from that data about long-term national trends. The data reflect substantial state-by-state variation, which indicates that a wide range of outcomes may be possible. NHTSA also notes that this class of roadway (rural Interstates) accounts for less than 5% of total traffic fatalities; there may be other

"trends" in other (larger) categories, and in the total. The agency also has not yet obtained and analyzed other important data elements, such as actual travel speeds on rural Intestates, total crash statistics, alcohol involvement, vehicle miles traveled and types of vehicles involved. NHTSA is committed to analyzing all of those factors as part of its ongoing study of the effect of rural Interstate speed limits.

FEDERAL HIGHWAY ADMINISTRATION

STATEMENT OF ROBERT E. FARRIS, DEPUTY FEDERAL HIGHWAY ADMINISTRATOR

ACCOMPANIED BY RICHARD D. MORGAN, EXECUTIVE DIRECTOR

INTRODUCTION OF WITNESS

Senator LAUTENBERG. The subcommittee will resume the hearing, the Appropriations Subcommittee on Transportation.

And now we welcome Mr. Farris, who is currently the Deputy Federal Highway Administrator. We understand there is a move afoot to change that, an overwhelming mandate coming across this country, sweeping this country, to see that deputy is removed from the title. We will be watching with interest, Mr. Farris.

We welcome you, and your colleague, Mr. Morgan, who is the Executive Director of the Federal Highway Administration, and we invite you to give your testimony in as brief but as complete a form as you can.

OPENING REMARKS OF MR. FARRIS

Mr. FARRIS. It is a pleasure to be here, my first appearance before you and this subcommittee. And obviously I am delighted to have Mr. Dick Morgan with me today, who I would like to point out just recently received a recognition from the President of the United States as a distinguished member of the SES corps.

Senator LAUTENBERG. Congratulations.

Mr. FARRIS. He was singularly recognized for that, and it is an honor well deserved. I worked with Mr. Morgan when I wore my state hat, when I was the commissioner of the DOT in Tennessee, when Governor Alexander was there.

And it has been certainly a pleasure to now join with him in the federal service for the last year and a half as the deputy. And to work with Mr. Barnhart, whom I know that you know quite well.

Senator LAUTENBERG. Very well.

Mr. FARRIS. And it is a distinct pleasure and a privilege to be able to succeed him, and I hope the Senate looks favorably on that action.

I have submitted a more detailed statement to you, Mr. Chairman, and without objection I would like to make that part of the record. And I will just briefly summarize it for you, sir, in my opening comments.

HIGHLIGHTS OF FISCAL YEAR 1989 BUDGET

In the interest of trying to get our program proceeding, let me just simply highlight that our budget for 1989 was drawn up, as you are well aware, in a very restrained budget climate.

It represents the best balance achievable between the needs of the highway program and the need to control the federal deficit.

The budget is, as the new term has now become available to us, deficit neutral. Which means that average tax receipts are equal to obligations over the period of fiscal years 1987 through 1991.

The Motor Carrier Grants Program would operate at a $60 million obligation level. Our general operating expense account includes a $5 million request for reimbursable agreement with the Internal Revenue Service to reduce fuel tax evasion.

The Motor Carrier Safety Account includes funds for 15 new staff to support the increased field staff added over the past few years. These are just a few of the highlights, Mr. Chairman. And I know you have significant questions, and others that might be submitted to me.

PREPARED STATEMENT

So let me just end with that and be in position to, either Mr. Morgan or myself, to respond to your questions, sir. Thank you.

Senator LAUTENBERG. We appreciate the brevity. We do have your full statement that will be included in the record.

[The statement follows:]

STATEMENT OF ROBERT E. FARRIS

Good morning, Mr. Chairman, members of the committee. Thank you for inviting me to appear before this committee today to present the fiscal year 1989 budget estimate of the Federal Highway Administration. Accompanying me this morning is Mr. Richard D. Morgan, Federal Highway Executive Director.

BUDGET OVERVIEW

With the passage of Public Law 100–17, the Surface Transportation and Uniform Relocation Assistance Act of 1987, the Federal Highway Administration is in a position for the next several years to work with states and localities to plan, develop, rebuild, and maintain the most modern and expansive system of interconnected roadways in the world.

Our fiscal year 1989 budget request reflects this endeavor through funding proposals based on authorizations as contained in Public Law 100–17. Consistent with the need to control the federal deficit, we will obligate every penny of tax revenue collected between fiscal years 1987 and 1991, the period covered by the 1987 act, for highway and highway safety programs. On that basis, this budget is deficit-neutral.

IMPLEMENTATION OF THE SURFACE TRANSPORTATION AND UNIFORM RELOCATION ASSISTANCE ACT 1987

Before presenting our fiscal year 1989 budget submission I would like to highlight our implementation of the 1987 act.

Realizing that the 1987 authorization was delayed 6 months, fiscal year 1987 was again a banner year for the highway program. With full cooperation from the states, the $12.35 billion federal aid obligation limitation was met; this, coupled with obligations exempt from the limitation, resulted in total fiscal year 1987 federal aid obligations of $12.815 billion.

We have made excellent progress with the implementation of the 1987 act despite numerous controversial and costly special interest provisions and projects contained in that legislation. Priority goals such as the distribution of funds to the states and the coordination and initiation of legislatively mandated studies have been fully realized. We are already looking ahead to 1992 for our next authorization in order that we can improve on ways to better serve the traveling public in the most convenient, safe and economically feasible way.

FISCAL YEAR 1987 ACCOMPLISHMENTS

I have selected several key accomplishments achieved during fiscal year 1987, which I would like to bring to your attention at this time:

Program level—Total obligations for the Federal Highway Administration in fiscal year 1987 amounted to $13.035 billion, down $1.345 billion from fiscal year 1986 reflecting responsibility toward reducing federal government deficits.

Interstate System—Significant progress toward completing the Interstate System was made with an additional 167 miles put into service and another 83 miles put under contract, leaving only about 417 miles to be put under construction.

Interstate 4-R—Resurfacing, restoration, rehabilitation, and reconstruction projects were again emphasized—obligations for these activities amounted to some $3.1 billion.

Bridge replacement and rehabilitation—In the Highway Bridge Replacement and Rehabilitation Program, obligations amounted to $1.6 billion in fiscal year 1987.

Highway safety—Obligations for safety construction projects during fiscal year 1987 totaled $306 million.

FHWA disadvantaged business enterprise—Prime contracts and subcontracts awarded to disadvantaged businesses were $1.560 billion. Of this amount, $339 million was awarded to firms owned and/or controlled by women.

SUMMARY OF THE FISCAL YEAR 1989 BUDGET

Our fiscal year 1989 budget request includes the following key elements.

KEY ELEMENTS

Program levels

The fiscal year 1989 program level or obligations are the most meaningful indicator of budget activity. We anticipate total obligations of about $12.450 billion which includes $12.331 billion for the federal-aid highway account, $10 million for highway-related safety grants, $24.6 million for motor carrier safety, $60 million for motor carrier safety grants, and the remainder for carryover balances.

Federal-aid highways—Naturally this is our principal program representing 99 percent of FHWA funding. Federal-aid highways provides the basic foundation of the government's efforts to assist states and localities in developing and improving the national highway system.

For fiscal year 1989, we are proposing an obligation limitation of $11.398 billion, with emergency relief and minimum allocation exempt from this limitation. This compares with the currently enacted fiscal year 1988 limitation of $11.780 billion. Within the scope of deficit-neutral obligation levels, federal-aid highway obligations estimates are dependent upon various factors such as individual state obligation rates and unforeseen damage from natural disasters.

A liquidating cash appropriation in the amount of $12.7 billion is requested for fiscal year 1989.

Motor carrier safety-operations

Our request for the ongoing motor carrier safety program is $24.577 million. This represents an increase of $1.787 million over the fiscal year 1988 level.

This increase represents in part a request for an additional 15 jobs. The increased staff is solely for the clerical support of the additional 150 motor carrier safety inspectors recently hired.

The remainder of the increased funding over fiscal year 1988 is comprised of the increased costs associated with maintaining an effective motor carrier safety program.

Program activities will concentrate on the Secretary's safety initiative for the rating of more than 185,000 previously unrated motor carriers and the implementation of the Commercial Driver's License Program.

The budget also proposes a more flexible administrative drawdown from the Motor Carrier Safety Grants Program to finance related motor carrier safety research.

General operating expenses

This account provides funding for virtually all of the salaries, expenses and research and development program of FHWA. Our request for the fiscal year 1989 limitation is $223.901 million compared with $206.736 million in fiscal year 1988.

As always, the change from one year to another is the result of numerous tradeoffs. The adjustments to base and built-in changes, which amount to $8.995 million, include increased personnel costs for merit pay, increased SLUC payments to the General Services Administration, general inflation, and annualization of the recent pay act and FERS contribution. The GOE program changes, which amount to $8.170 million, reflect various program decisions and priorities consistent with the legislative program and ongoing organizational goals. Of significant change in the fiscal year 1989 limitation is the inclusion of $5 million to reimburse the Internal Revenue Service for diesel tax compliance enforcement activities. These enforcement activities, together with the change in tax point of collection, are expected to improve diesel tax compliance, and produce additional highway trust fund revenues.

Motor carrier safety grants

Recent antidrug legislation provided a total of $60 million in contract authorization, including $47 million for motor carrier safety grants after a $13 million takedown for the commercial driver's license effort recently undertaken. Our budget proposal is to fully utilize these amounts along with a request for a liquidating cash appropriation of $50 million. As mentioned previously, the budget proposes a more flexible administrative drawdown to support motor carrier safety research that will benefit the grants program nationwide.

Highway-related safety grants

Consistent with current legislation, contract authority and an obligation limitation each in the amount of $10 million for fiscal year 1989, is part of this budget submission. A liquidating cash appropriation of $10 million is also requested at this time.

Right-of-way revolving fund

As part of the administration's overall effort to assure fiscal management of federal credit programs, a limitation of $47.85 million on gross obligations is proposed for fiscal year 1989.

CONCLUSION

We will be happy to discuss these estimates in detail, answer your questions, and provide additional information that may be helpful to the committee in reaching its decisions on our budget.

SPEED LIMIT ENFORCEMENT

Senator LAUTENBERG. Now I would like to ask a few questions. Last week Secretary Burnley stated that the Department's preference is to give speed limit enforcement authority back to the states. Is the Department proposing legislation to do that?

POSSIBLE SPEED LIMIT ENFORCEMENT SOLUTION

Mr. FARRIS. To my knowledge, sir, I see no legislation coming in that regard from us.

Obviously, we are a part of the whole process because our funds are involved, and we work in tandem with Ms. Steed and her department. And if you will allow me for a moment to give you my impression of where we are on this, and maybe suggest a solution, Senator.

I think it boils down to responsibility and accountability. The responsibility of enforcement of the speed limit is truly a state responsibility. They have the police force, they have the accountability of their constituents through their Governor.

If they are not enforcing speed limits, then they ought to answer to their constituency. I believe that we have the accountability on the maintenance of our highway system, and to establish some geometric standards.

So it seems somewhat consistent, if we want to establish posted speed limits based on geometric design standards. However, the enforcement of that speed limit ought to be left to the states.

Now, how do we get involved in that? And I listened very carefully to your comments to Ms. Steed in regard to the carrot and the stick approach. I get back to the question of looking at New York for an example, which is one of the states in which we have a problem at the moment.

RESPONSIBILITY FOR SPEED LIMIT ENFORCEMENT

Governor Cuomo ought to be looked upon by his constituents, if they are dissatisfied with the enforcement activities with his state police. I am not sure that that accountability ought to rest on our shoulders.

But, perhaps, we may have the accountability to establish the limits on our system based upon their geometric design. And so if we have determined that 65 miles an hour, through our deliberative process with the states and in Congress, is the proper speed limit for an interstate highway system, then we ought to require only that it not be posted in excess of that established limit.

The same may apply to the rural primary system or a secondary road where states might be required to post even a 30-mile-an-hour speed limit. Then we could require the state to develop an enforcement procedure that we might review and approve.

Under this plan, if they fail to submit an appropriate enforcement procedure rather than withholding funds we might just no longer approve federal highway projects within that state. Now that would bring the issue to a head rather quickly.

PROBLEM WITH CURRENT FINANCIAL SANCTIONS

This process we find ourselves in now, withholding 10 percent of funds, and then they correct their process and we restore the funds, is kind of a "rubber duck." I do not see it is accomplishing what we all are trying to accomplish, and that is improving the safety on our highway system.

I thought the Administrator from NHTSA accurately portrayed the warping of application of resources in this process. Maybe we are causing a disruption of a proper enforcement procedure by unnecessarily skewing the process of application of limited resources within states causing enforcement to not be properly directed, if safety is our principal concern.

I watched state after state under budget pressure, being forced to reduce its personnel. Many highway patrols are not as adequately staffed, perhaps, as they ought to be.

I know governors are faced with the same thing that you and I are faced with, and that is the application of limited resources, and trying to put them in the best area that can produce the best results for our constituents.

Maybe what we have done inadvertently, and in the guise of trying to be a partner with the states to improve our safety, caused some disruption of that.

ACCOUNTABILITY AND RESPONSIBILITY AS SOLUTION

So if we would require the states to not post speed limits in excess of the established speed limits that could be established, based upon engineering consulting and geometric designs, and in consultation with Congress and the states, and say to the Governor, you cannot post any speed limit any higher than what has been established for this particular design highway.

The state may then present to us an enforcement plan and procedures, which we could review and approve. If the state does not have an enforcement plan, then we could, perhaps, no longer approve federally funded projects within that state.

ROLE OF STATES IN SPEED LIMIT ENFORCEMENT

This puts the accountability and responsibility where action can actually be implemented. The Governor ought to be the one that is held accountable, because he is the elected official, and the state highway patrol chief reports to him. And it is the highway patrol that must go out on the highways and enforce our speed limits.

ROLE OF FEDERAL GOVERNMENT

We have the responsibility of reviewing the geometric design of the system, and being able to ascertain through engineering standards what is the applicable speed limit that should be applied to a particular type of road.

In fact a state may have a more serious problem in terms of enforcement and danger such as a rural two-lane highway that may be posted at 45 or 40 or even 35 miles an hour, rather than focus on our major highway network in this country, the interstate system, which was originally designed for 70-mile-an-hour speed limits.

We could say to them, let us see your enforcement procedure. Monitor their activities, but get away from this, what I call a "rubber duck sanction process" that we are in now, to where we go through all of this "Mickey Mouse" examination of numbers and then eventually the states seem to always get their money back by either reviewing their numbers or reestablishing their monitoring procedures. I know of no states at this point that have lost a penny in this whole process.

So I am really concerned about using the mechanism that we now have in place. And I feel like this other procedure may be more legitimate.

And we may be more directly aiming toward the proper elements that ought to be held accountable for the purpose in which they have reasonable control, with the Governor having control over the highway patrol and us having oversight control over the designs and standards.

FEDERAL ROLE IN HIGHWAY SAFETY

Senator LAUTENBERG. I think the point is well made, Mr. Farris. And the last impression that I want to create is that Big Brother is here with a big stick ready to club those states that do not conform.

On the other hand, I think it is fair to say that as we pump funds into highways, whether it is interstates or primary or secondary roads, et cetera, that we have an obligation to the riding public to make sure as much as possible that we provide conditions that ensure their safety as well as their convenience.

And I am curious as to how we know, unless we are fairly closely reviewing data, whether or not a highway, whether it was designed for 70 miles an hour or whatever, roads that we helped provide funding for, are in fact as safe as they ought to be. As things change or as changing technology affects automobiles, there is also changing technology in, I assume, design and materials used for barriers, et cetera.

And I would think that it is important to know whether or not conditions as they exist are being ideally met when we talk about infractions of speed limits and so forth.

FACTORS THAT IMPACT HIGHWAY SAFETY

Mr. FARRIS. I fully understand that. And it is a complicated equation that we are dealing with.

For geometric design obviously plays an important role. The clear zone efforts that we have underway on our highway system plays an important role. The improvement of bridge rail design plays an important role. The way we establish our signing on the system plays an important role.

Speed is just one element. We are also getting into this issue of trauma support, as I know that your state is looking at very aggressively now.

TRAUMA SUPPORT AS A FATALITY RATE FACTOR

I did a study in my home state of Tennessee at one point in which I looked at the accident rate I had on my system, and then looked at my fatality rate, compared that to a comparable state that had similar size and similar number of accident rates, and I had a higher fatality rate.

And I questioned myself, why? Are we Tennesseans just going to kill each other more than they are in another state? And I came to the conclusion after some rather indepth analysis of my system that my failing was trauma support facilities.

As I got into more rural areas in my state, or in the mountainous part of east Tennessee, and you were to have an accident, you were dying before we could get to you. That was a real contributing factor.

It was not really related to speed, it was not really related to my enforcement procedures, it was not that we were more dangerous drivers in Tennessee. We just simply did not have adequate trauma support facilities in portions of our state, mostly in our rural areas.

The way I came to that conclusion, I began to track the death rates, as it related to an urban area where we had close and quick support, many areas we had helicopter support, and I found that the fatality rate was lower in relationship to the rates of accidents in those areas.

However, when I looked into my rural areas, the fatality rate appears higher, which may skew what we are looking at today in regard to the increased speeds on our rural systems. We have got to make sure that we carefully look at all aspects of safety.

SUMMARY OF MR. FARRIS' POSITION ON SPEED LIMIT ENFORCEMENT

So in accepting responsibility, Senator, I think we are properly held accountable for the design of that highway system, for the signing, for bridge rail designs, for the clear zone aspects, for striping, maintenance of the system, to make sure that it is adequately prepared.

But I come to the conclusion that enforcement of speed is really the state highway patrol's responsibility. And the Governor of that state is the one that ought to be principally held accountable.

And if we cause that Governor to present to us an enforcement plan, and through the design criteria establish maximum speed limits that are permitted to be posted on the federal-aid highway system, and provide his constituents a report mechanism on how well they are enforcing it, it appears to me that brings the Governor clearly in accountability to the constituency he is trying to represent.

DEGREE OF STATE CONCERN

Senator LAUTENBERG. I do not want to spend too much time on this subject.

But I can think of situations where the constituents may not be directly as concerned as we who have a responsibility for the protection of life might be. We have seen it in some of our northeastern roads.

We have roads that are used to pass through a state, largely major interstate highways, just carrying traffic from one area to another area. Connecticut has it, and a few others, where there is just a constant stream of traffic.

Of course, no one is going to be totally callous about this either. But there may be less of an inclination to enforce the speed limits, and along with that, as you suggest, other things that are factors.

When you looked at your fatality rate in Tennessee, it was interesting to hear your conclusion, but we could also talk about seatbelt safety devices, weather conditions, and——

Mr. FARRIS. Driver training.

Senator LAUTENBERG. Driver training. But, is it fair to say that you do not think that compliance criteria and sanctions for noncompliance for the speed limit ought to be in place?

STATE PERSONNEL FUNDED BY MCS GRANTS

Mr. FARRIS. Yes, sir.

Senator LAUTENBERG. Your Department told us that the Motor Carrier Assistance Program supported a total of roughly 2,600 state inspectors, including 83 for New Jersey. Do you have an update on those numbers, Mr. Morgan?

Mr. MORGAN. Yes, sir; we are at about 2,800 inspectors nationwide being funded under the Motor Carrier Safety Assistance Program. And my number for New Jersey is 43.

Senator LAUTENBERG. Do you——

Mr. MORGAN. That is above and beyond, of course, inspectors funded with the state funds.

Senator LAUTENBERG. Might that be the 83 that we used as the number here? Or is the 43 a recent change? What is the period of time that we are talking about, the 2,800 and the 43 in New Jersey? What year was that? 1987?

Mr. MORGAN. Yes, sir; the fiscal year 1987 number of 83, which was our best estimate at the time, proved too high in actual experience. It included about 25 people who, due to delays, were not hired.

Mr. FARRIS. You had an addition of 15 administrative employees too, which would give you a total of 58. So, the fiscal years 1987 and 1988 motor carrier-supported staff in your state is the same.

STATE POLICE TO PERFORM TRUCK INSPECTIONS

Senator LAUTENBERG. We will have to confirm that. In New Jersey, you may be aware the percentage of trucks involved in total accidents, property damage, and injury has been declining since 1980. Yet, unfortunately, truck involvement in fatal accidents is still very high.

Now, the suggested approach to this might be to train police officers in truck inspection. And I wondered whether you know whether or not police officers presently are trained to do truck inspections.

DIVISION OF RESPONSIBILITIES FOR TRUCK WEIGHING AND INSPECTION

Mr. FARRIS. Well, in your state they use some state highway patrolmen to do inspections. And it varies across the states. Some use highway patrolmen, some have a special division.

In my home state, again, if I might refer to Tennessee, the safety requirements for truck inspections in Tennessee resides with the Public Service Commission. And they have their own personnel that do the inspections.

Weight enforcement is under the state highway patrol, but that is a separate division within the state highway patrol. But some states blend them together. So it will vary.

Senator LAUTENBERG. Do you have any idea what the experience might be of the states that use police officers to do truck inspection?

One of the things that concern us is the fact that there is a different recognition of authority when a police officer does it as opposed to a motor vehicle inspector, which we usually use in the state of New Jersey.

Mr. MORGAN. Nearly all of the states use law enforcement officers for truck inspection, safety inspections. There are few exceptions.

Mr. FARRIS. Yes; they may wear a different uniform. Down in my state they have a different uniform on, but they carry a badge and carry a firearm. And they have law enforcement authority.

Senator LAUTENBERG. And they can give citations?

Mr. FARRIS. Yes; there is a difference between the highway patrol and the motor carrier inspecting units. They both are badged and firearm-carrying individuals and law enforcement individuals, but they are different people within the structure.

PRO'S AND CON'S FOR VARIOUS ENFORCEMENT ASSIGNMENTS

Senator LAUTENBERG. Is there any advantage or disadvantage to just turning this assignment over, to having police officers directly doing this?

Mr. FARRIS. I do not think so. Again, it is a division of authority. In Tennessee, the highway patrol, and I think this is true in most states, the highway patrol has the responsibility of highway traffic safety on the highway, particularly as it relates to speed.

They have some limited authority within a given county. They are not necessarily given authority to write citations for truck safety violations. So it is a matter of state statute who gets the authority to issue the citations for what offense.

And whether it is under a public service commission, which in some states there are elected officials that stand on their own right, or whether it is a part of the overall weight enforcement, highway enforcement, and motor carrier safety enforcement.

In Florida they are pretty well mixed. But in some states they are clearly divided. But they do, however, have clear authority on the issuance of citations. So that if a motor carrier violation is occurring, and there is a badged official, carrying a sidearm, they are writing you a citation that is just as enforceable and carries just as much weight as a highway patrolman.

Senator LAUTENBERG. I think there is a conceptual difference, however, and that is, for instance in my own state which I will use for reference, we have uniformed state police. Everybody knows that they are a fairly important police body.

When they are out on the roads they look different than community police or county police, or the Division of Motor Vehicle agents. And when they are out there they get a lot more attention and a lot more respect, I think.

Whether they are entitled to it or not does not matter. The fact is that there is a perception that when it is the state police, the state means business. And so I would appreciate anything that you come up with by way of any information that tells us that it is more effective, less effective, or as you say has no influence.

UNIFORM STANDARDS FOR OUT-OF-SERVICE

Are uniform standards for putting a driver of a vehicle out of service followed in all states?

Mr. FARRIS. Yes.

Senator LAUTENBERG. Are there uniform standards for rechecking those drivers or trucks that are put out?

SAFETY NET

Mr. FARRIS. We are working toward that, through the "safety net" work that is now in operation in 30 states, to where there is a sharing of information, where units are placed out of service, and there is an adequate record that can be accurately tracked.

Now, that is not fully implemented in all 50 states as yet. But we are headed in that direction.

CORRECTION OF TRUCK DEFECTS

Senator LAUTENBERG. Does the Federal Highway Administration require that truck defects be corrected or require——

Mr. FARRIS. Yes; there are several procedures that we do that. Some of them, where they are placed out of service, are not permitted to move until the defect is corrected.

But we have to apply some reasonable judgment to that, such as the availability of repair sources. If it is not a severe defect, then we will issue a citation that must be responded to within 30 days, or that truck is placed out service again.

We will on occasion allow that truck to move to the next interchange and get off where there is a truck stop for repairs.

Senator LAUTENBERG. Do they require an escort or anything like that in those cases? I mean, if you are trying to——

Mr. FARRIS. If they move from the location, they get a citation that must be responded to in 30 days with definitive proof that the repair work has been accomplished and that the truck is placed back into service.

If we do not receive a response, then that truck is considered out of service and cannot operate.

Senator LAUTENBERG. Any way of estimating the number of those who would violate the rule that put them out of service in the first place?

Mr. FARRIS. I am not sure I would have that figure for you, Senator. I am finding the motor carrier industry, by and large, reasonable and cooperative in this field.

The principals in most of the carriers that I have had contact with and through the associations that we work with, they are committed to this program. They know it is to their best interest.

Senator LAUTENBERG. Is it fair to say that the larger operator would be even more conscientious about the application of those rules than the individual operator, which are many, who are——

INDEPENDENT TRUCK OWNER-OPERATOR COMPLIANCE

Mr. FARRIS. I do not want to say that, sir. I have a great respect for the small entrepreneur that has gone out on the line and bought himself or herself a power unit and is trying to operate as an individual businessman.

That power unit is their rolling office; in many instances, it becomes their home. And it is amazing to me, as I sit along the side of the highways and pick out the owner-operators and look at the condition of their trucks, versus one that may be working for another firm.

They are many times the slickest looking units, because they are very proud of those units. They have got their money invested in it. I am not one to say that the owner-operator is more of a problem on our system.

It is a combination of a lot of things. And I would not want to unnecessarily impune the individual operators.

PRESSURES ON OWNER-OPERATORS

Senator LAUTENBERG. Just curious, because the owner-operator is pressured enormously.

Mr. FARRIS. You bet he is.

Senator LAUTENBERG. To try and make a living, and as a consequence to try to carry as many loads as they can, as fully loaded as they can.

And they are competitive entrepreneurs. And it is not an easy job by a long shot. And I was just curious in terms of——

Mr. FARRIS. I do not see that we can single them out any more than we could single out any of the larger companies.

Senator LAUTENBERG. Well, I know a lot of people in the trucking industry. They are a responsible lot.

Mr. FARRIS. Yes.

Senator LAUTENBERG. They want to do what they can, they want to be in business, they want to earn a profit, and at the same time they recognize they have a responsibility as citizens to the community.

ECONOMIC PRESSURES IN TRUCK INDUSTRY

Mr. FARRIS. Senator, you touched on an aspect that is very real that is occurring in the motor carrier industry, and that is the economic pressure that is occurring on everyone.

As we have deregulated the industry, and it has become more highly competitive, we are finding that there are issues that are driving that industry that stand outside of our regulatory authority that we need to be cognizant of.

And you are absolutely right, you described the owner-operator having to hurry to get to that load, and brings to question our hours of service that we are looking at very carefully now.

But in terms of maintenance of the vehicle, I am finding that the industry by and large is genuinely concerned about having good operating equipment. We are catching a fairly high number that are sitting out there on the system that do not currently meet our standards.

But I see that improving, Senator, and I think we are making real strides in that direction.

MOTOR CARRIER REINSPECTION

Senator LAUTENBERG. Does FHWA require reinspection of out-of-service drivers and vehicles?

Mr. FARRIS. No, sir.

Senator LAUTENBERG. Does that effect perhaps the quality of the, or the condition of the person or the vehicle that has gone back in? Do you think that they are less concerned about conforming?

Mr. FARRIS. I do not think so, sir. If we place you out of service and you have got to prove that you corrected the reason for which you were placed out of service, and you know, to then require a reinspection seems to be somewhat redundant.

They have got to submit to us evidence, if they have a brake problem or if they have a light problem or whatever the reason that caused them to be put out of service that it has been fixed.

Senator LAUTENBERG. You are saying that they do respond by asserting that they have taken care of the condition.

Mr. FARRIS. That is correct.

Senator LAUTENBERG. OK. I wanted to ask you one question before we left the speed limit thing.

FEDERAL ROLE IN SPEED LIMITS

I want to be clear. You are saying that the federal government has no role to play other than to encourage the states to monitor the speed limit laws.

Mr. FARRIS. And to post speed limits, not to exceed the limits that could be established for those particular types of roads.

Senator LAUTENBERG. To post them per your recommendation.

Mr. FARRIS. With the states, correct.

Senator LAUTENBERG. Or the standards that are out there.

Mr. FARRIS. Or yours.

Senator LAUTENBERG. Yes; but if it is a federal interstate, states have no jurisdiction, have they, in terms of the speed limit postings there?

Mr. MORGAN. The states currently have the authority to post speed limits up to a maximum of 55 and 65.

Senator LAUTENBERG. They can reduce them on the interstates.

Mr. FARRIS. Yes, sir.

Mr. MORGAN. Yes, sir.

Senator LAUTENBERG. Again, you are saying that the federal government has no role, either in incentives or in terms of punishment, in terms of observing the maintenance of the——

Mr. FARRIS. I did not say that. I said we could establish maximum speed limits, that we could require the state to develop an enforcement plan that we could review.

If we did not deem it adequate, or they did not implement that enforcement plan, we could no longer approve federally funded projects within that state.

STATE IMPLEMENTATION

Senator LAUTENBERG. How would you know whether they implemented it or not?

Mr. FARRIS. We would have the states report to us. It would not be requiring a monitoring process. But we would look at their speed limit development plan, which would be part of the enforcement plan. What are you doing to maintain this posted speed limit on that given road.

And would require at the end of each year to have the states submit a response back, how adequately that plan has been enforced.

Senator LAUTENBERG. And otherwise, per your suggestion, which I think is an interesting one, you would hold back on future approval——

Mr. FARRIS. We would not fund, we would not approve projects.

Senator LAUTENBERG. You would not recommend——

Mr. FARRIS. You see, that is an immediate, that is an immediate problem. All of a sudden you have no money for a given particular road project.

CURRENT SANCTION PROCEDURES

Mr. MORGAN. Mr. Chairman, under the procedures in effect today on sanctioning, the minimum time you can get through a process to sanction a state, if you wish to sanction it, is something like 290 days, because of all the steps in it. And often, by the time you get around to it, the problem is already corrected.

And what Mr. Farris is suggesting, withholding of project approvals does not require all of those steps.

Senator LAUTENBERG. There is nothing that says we could not improve the process, I guess.

Mr. MORGAN. We do have a rule, hopefully, going into the Federal Register shortly, which will shorten this considerably. But as it stands, that is what we are stuck with.

MOTOR CARRIER ACCESS

Senator LAUTENBERG. OK. I want to talk about motor carrier access for a minute.

Last year's statement of managers accompanying the CR directed the Department to hold back issuing a final rule on truck access until the TRB has completed study of reasonable access. What is the status of the Department's efforts now?

Mr. FARRIS. We are in the process now of releasing our NPRM, which will put it out on the street for comment, being directed by the Senate and the House to not issue our final rule until the Transportation Research Board study is completed.

They had originally set out 3 years to complete their study. You have asked TRB now to reduce that to 18 months, which is now scheduled for July 1989. So all the action that we will be taking would be to issue our NPRM, which should be out shortly.

Senator LAUTENBERG. What is shortly, would you say?

Mr. FARRIS. It is out of our hands at this point. We finished our work on it and it is coming down the pipeline, sir. And I would hope that it would be out on the street within the next 30 days.

FEDERAL-AID HIGHWAYS LIMITATION

Senator LAUTENBERG. OK. Mr. Farris, you have requested $11.4 billion for the federal highways obligation ceiling. That is about $400 million less than provided in fiscal year 1988.

The fiscal year 1989 level, because of the economic summit agreement, was a $570 million reduction from fiscal year 1987. In other words, the highway program is going to be reduced almost $1 billion in 2 years.

Do you think that meets the infrastructure highway needs of the country?

ADEQUACY OF FUNDING LEVEL

Mr. FARRIS. No; I will say that in all candor to you, sir. But, we are also saying to you that we are trying to play our role in the deficit reduction and this country's needs.

A deal is a deal, and the President did sit down, and worked out a process, I believe, to begin to address the deficit problems we have at the federal level. And we are trying to play our role.

CONCEPTS OF DEFICIT NEUTRAL

Let me simply see if I can put this where we are. We looked at outlays versus income, to start that process. So we measured very carefully what our projected outlays were going to be over the next 3 years and estimated our tax revenues, exclusive of interest on our fund balance.

So over the next 3 years we forecast that we will be outlaying $39.5 billion. This is cash outlays. Estimated income over that same period is $39.6 billion. That is a pretty close tie to try to remain what we have termed, as I have said in my opening statement, deficit neutral.

NEEDS OF PROGRAM

Now, we could use all the money that Congress in its wisdom would want to appropriate to us. Now, that is a resource allocation challenge that we all face. We are just simply trying to play our role with you to not present to you a budget that would require any additional contribution to the deficit.

If we used our interest, that would have to be paid out of the general fund. If we started drawing down our balance in our trust fund, that would have to come as the money is replaced back in our trust fund.

So if we try to gain anything, we are simply saying to you that we are going to do the very best job we can with the resources that are coming in to the federal system. And to match our outlays as reasonably as we can to our income.

And we have done pretty well on the last 7 years of doing that. In measuring the balance in the trust fund when this administration came in and where it was at the close of the last fiscal year, it was pretty consistent.

BUILDUP OF HIGHWAY FUNDS

Now, the next 3 years that balance is going to grow some, simply because of the interest. And what is probably more disturbing to us is that the unobligated balances are going to continue to grow.

Because the apportionment levels that are sitting out on the account books for the states, funds that have been apportioned to them for different programmatic categories, and the constraints now placed on them through the obligation limitations, that is going to grow to somewhere around $12 to $14 billion by the end of this highway bill. Funds that are sitting on the account books of the state that they have been unable to expend.

That is troublesome to us, and I think it is troublesome to everyone. But we are still trying to play our role, as was agreed to, to try to fund our program as best we can to remain in a posture of not contributing anything to the deficit. And that is what this represents.

Senator LAUTENBERG. There is always an argument about that, as you know, Mr. Farris, from your experience in government.

Mr. FARRIS. Sure.

BUDGET PRIORITIES

Senator LAUTENBERG. And that is once you take on the role of the budget deficit problem-solver, then it raises questions about commitment to the highway program.

There are those of us who believe that the priorities that this country needs are not being served appropriately, even though we would like to reduce the budget deficit, because there are other priorities that we think are less important that have crept in.

REPORT OF THE NATIONAL COUNCIL ON PUBLIC WORKS IMPROVEMENT

Have you seen the report—I am sure you have in your position—on the infrastructure that came out?

Mr. FARRIS. As you know, I was chairman of that committee when it was formed.

Senator LAUTENBERG. Right.

Mr. FARRIS. And I am well aware of it. I thought they did an excellent job of presenting a challenge to us for the future. No question about that.

Senator LAUTENBERG. Well, do you agree with the conclusions in that report?

Mr. FARRIS. Reasonably so. My problem in looking at where we are headed in terms of our needs is to separate critical needs from wants. And what we are trying to simply say, in our judgment, with the level funding that we have got going, we can reasonably meet the critical needs.

There are other needs that are going to sit on the system that will not get met. This is some expansion, some extensions of the highway network.

NEED TO MEET MORE THAN CRITICAL NEEDS

Senator LAUTENBERG. It also has to conform, does it not, with the expansion of our economy?

Mr. FARRIS. Our economy.

Senator LAUTENBERG. The expansion of our society.

Mr. FARRIS. That is correct.

Senator LAUTENBERG. I come out of the business community and I know very well if all I met were my critical needs, we would be in trouble.

One day we would be sitting across the table looking at one another and say, hey, listen, we did not do the long-range things that we need to keep abreast. I do not know whether traffic estimates have ever been realistic.

But I can tell you this. I see it in highways in New Jersey and other highways, traveling around the region I come from, and very seldom are the traffic projections optimistic in terms of the use that these highways, bridges, tunnels, et cetera, get. They are always very short, and before you know it these highways are jammed because it encourages development along the way.

So when we look at the budget that takes care of our critical needs, I would hope that we would hear from you in terms of a call for something to take care of the needs as the economy of the country and not simply work to fulfill the critical needs.

ADVICE TO MR. FARRIS

You are in a very important post, and even more important right now you are doing the job without getting the title. But the fact is that you are a person who has had enormous responsibility in your lifetime, and I know enough about you to know that you take that responsibility very seriously.

And I would hope that you can do something to encourage the administration as they plan, to at least inform the public, inform the Congress about the real needs that exist out there.

Problems on the highways, according to the report that you are familiar with, the report card states that spending for system expansion has fallen short of need in high growth urban and suburban areas. They give us a C+ on that one.

But nevertheless, we are in a resource short period, and we just have to continue to press.

Mr. FARRIS. I have been a strong advocate over the years of a commitment to our nation's basic infrastructure, and pointing out, I hope, progressively the important role it plays in this country's ability to continue to grow and expand economically.

POSSIBLE REDEFINITION OF STATE ROLE

I think the critical question we are facing now is, what role should we be playing in that facet of the system? If anything, we ought to be moving toward perhaps a redefinition of the application of the federal role as it relates to highways.

I am encouraged, sir, to see many states beginning to respond on program initiatives of their own. My home state, Virginia, Arkansas, Florida, many states now are looking at developmental highway programs of their own and beginning to move forward with roads that are significant to their state economy, funding them entirely with state revenues. I think that is very encouraging to us.

So when we look at the total expenditures now, which runs in the neighborhood of $60 billion a year, we are only a part of that. The federal revenue now amounts to about 23 percent of all the funds, the states about 50-plus percent.

This shift has been occurring rather gradually over the last decade, where states are beginning to look internally now for some of their own needs.

I think you and I need to begin to focus very carefully on that system that has significant national importance, that allows us to move economically from coast to coast and border to border.

And maybe we ought to look very carefully at our continued role in road programs and road construction and road repair that are strictly of a local nature and a local concern and a local responsibility.

For none of us, sir, state, county, city, or federal, are going to have sufficient funds to be able to support all of the described needs and wants.

The reason I said to you critical needs, we need to look very carefully at a prioritized use of our funds. I can challenge you to let us use our funds more efficiently than we have been able to do in the past.

IMPROVING AND STREAMLINING HIGHWAY PROCEDURES

We have encumbered our funds to some degree unnecessarily. We have put procedures in place now that are taking us an inordinate amount of time to get projects underway, to get them completed.

I do not want to abandon those purposes. They are good purposes. But I do have a little concern when we build noise walls around cemeteries, as we did in Phoenix, AZ. When we spend $3 million counting fish in the Hudson River.

Those things need to be looked at very seriously. I hope to be in a position in my short time that I am in place to challenge you in some of those areas.

One of my high priorities in my term of office is going to be to work to see what I can do internally to improve these procedures, to get to the place where we can move projects more aggressively.

I talked to my friends in AGC. They have got to do a better job of finishing jobs quicker. I talked to my friends over in the engineering and architectural field. We have got to have a better set of plans and more clearly defined specifications.

I am challenging my staff to work more aggressively to close the gap in the timeframe, to look at projects in a little different light, recognizing that our resources today are limited. That we cannot solve all of our problems today with dollars. We have got to solve some of them with ingenuity and imagination.

CHALLENGES OF AN ADEQUATE HIGHWAY SYSTEM

Senator LAUTENBERG. Mr. Farris, that is a very good statement.

And I would in turn challenge you, sir, to speak out when you see that the responsibilities that you have as the Administrator, soon to be, to speak out nationally on behalf of the solutions to our problems, because there are very few states that are unwilling to pick up a share of their local need.

On the other hand, we are a totally dependent society, from California to New Jersey, there is an interconnect that we cannot avoid.

And if our highways are insufficient to carry the traffic, if the deterioration is faster than we thought, or if we do our planning sufficiently far in advance and capitalize those things at the appropriate time, then we have a chance to use our money wisely.

OVERCOMING FUNDING PROBLEMS

And saying, simply because we are caught in a budget crunch, without speaking out against the insufficient funding, I think frankly is a challenge that has not been picked up by this administration.

And in the time that you have in office I am not sure that you will be able to help solve that problem. I would urge you to continue to work on it and speak out on it. But the one thing that I would have to tell you is that I fault this administration for not having sufficiently examined the problems and confronting them.

Even if they do not have the resources, you just can't come up and say, we do not have the capacity, based on the priorities that OMB and the administration has chosen, to fulfill our infrastructure needs, highways, bridges, tunnels, et cetera.

I think that is a challenge. It is doing better wherever we can. I salute that. I come out of the business community. As a matter of fact, I think I have the unique distinction of being the only Senator that has ever run a major corporation in the U.S. Senate.

Mr. FARRIS. We need more of you. I came out of the business community too.

Senator LAUTENBERG. I know you did. I am reminded by my able staffer here that we would like to, once in a while, have the associated general contractors come up and discuss their problems with us.

We are here to help, and we hear about the inefficiencies of government but without a dialog about the way.

FUEL TAX EVASION

We are going to try to conclude this very shortly. And I want to ask you about fuel tax evasion. Why has FHWA requested language that would reimburse the Internal Revenue Service not less than $5 million for diesel tax compliance enforcement activities?

Mr. FARRIS. Senator, we felt all along, and this was an initiative that was really generated by Mr. Barnhart when he was occupying this position, that there was considerable evasion in the flow of funds to the Treasury from taxes that had actually been paid but were not being collected.

When we began to probe into this, the response that we got back was the high number of collection agencies. In diesel fuel alone it is over 60,000 across the country. The Internal Revenue just simply did not have the resources——

Senator LAUTENBERG. That was 60,000?

Mr. FARRIS. Yes; 60,000 collecting points.

Senator LAUTENBERG. Collection points.

INADEQUACY OF IRS RESOURCES

Mr. FARRIS. Collection points for the tax. There were 12,000 collection points for gasoline.

So the Internal Revenue simply did not have the resources to audit those kinds of facilities. So we began to look at what states were doing. Maryland, as an example, went into a very aggressive auditing program. And their collections increased almost 30 percent of the revenue collected.

We also reviewed some testimony that occurred in New York City in regard to barges of fuel that were being moved up and down the coast of New York in which they were unable to track at the point in which the tax was being paid.

As they went through an audit stream, all of a sudden you get a paid tax invoice showing up, and they could not determine because of the phony corporations that were in existence at that point, who actually collected and paid the tax.

REDUCTION IN COLLECTION POINTS

So this led us to suggest to Congress, through Mr. Barnhart's initiative, that these collection points be reduced. And that has now been put into effect. We have reduced the 60,000 number on diesel to 12,000. And we have reduced the 12,000 on gasoline to 1,000.

PURPOSE OF FHWA PROPOSAL

We want to take the next step, and that is to augment the auditing procedures for those particular points of collection. We think we can get a $20 to $50 to $60 return for every dollar we invest in just simply improving the audit.

We would like to have Internal Revenue to look more closely at fuel tax collection, and not lump it together with all of its other excise tax collections that it now has to supervise.

To put more emphasis on the collection of the gasoline and the diesel fuel taxes, saying to their 63 districts that they have, to use this money to take a part-time auditor and make him full-time, so that they can focus more clearly and aggressively on these reduced collection points for taxes. We think it is a good investment, sir.

DEPARTMENT'S CAPACITY TO MONITOR COLLECTIONS

Senator LAUTENBERG. How about the Department's capacity to oversee collection of these funds?

Mr. FARRIS. I really could not address that as far as Internal Revenue is concerned.

Senator LAUTENBERG. Your Department.

Mr. FARRIS. My Department?

Senator LAUTENBERG. The inspector general. No capacity at all?

Mr. MORGAN. Well, no jurisdiction.

Mr. FARRIS. I do not think we have any jurisdiction in that area.

Mr. MORGAN. It is Treasury's, Mr. Chairman.

Senator LAUTENBERG. Yes; but you have the capacity to perform audits.

Mr. MORGAN. Yes, sir; I believe there is a capacity, the talent, if you would. But I do not think there is the manpower in the Department, nor do we have jurisdiction.

PRECEDENT FOR REIMBURSEEMENT

Senator LAUTENBERG. Well, the FHWA never reimbursed IRS before. Did they?

Mr. MORGAN. No, sir; this would be to augment the staff, current staff, of the IRS, rather than to pay them for just doing what they are already doing.

EFFECT OF REDUCTION IN COLLECTION POINTS

Senator LAUTENBERG. They set a reduction in collection points.

Mr. MORGAN. Yes.

Senator LAUTENBERG. Does that make the job any easier?

Mr. MORGAN. It should.

Mr. FARRIS. It should make it easier.

Senator LAUTENBERG. Well, if it makes the job easier, then why suddenly is it necessary to transfer $5 million to them?

NEED FOR SPECIAL COLLECTION EFFORT

Mr. FARRIS. What we were really trying to do, Senator, is to focus on the fuel collections.

As I mentioned to you, they audit a lot of excise taxes. And we would not like to continue to see the diesel fuel and gasoline taxes looked at in the same light as all of the other excise taxes that they audit. We wanted to give a special emphasis to fuel tax.

We think we are missing up to $1 billion a year in revenue because of the lack of proper auditing process of taxes that have been paid that are not finding their way into the U.S. Treasury.

Senator LAUTENBERG. So we have to give them a bonus to go look for it.

Mr. FARRIS. We have at least that proposal on the table, yes.

INCLUSION OF PROPOSAL IN IRS BUDGET

Senator LAUTENBERG. I wish we had the time to examine it, especially since we are closing down collection points.

On the other hand, if you are missing $1 billion a year in revenues, and paying the IRS is going to help collect that $1 billion, then I would ask you why we do not ship out $25 million or something like that.

I mean, are we suddenly paying for something out of the Department's budget that should already be ongoing. Those are funds that you need.

We have made very significant allocations in funding to IRS in these last couple years, because I believe that the more auditors we have on the trail the better return we are going to get and the better compliance we are going to get.

But when it comes to the highway department, Federal Highway, having to do this—you ought to be able to get that $1 billion without having to go through this process of——

LAXITY OF DIESEL FUEL PAYMENTS

Mr. MORGAN. Mr. Chairman, the payment of diesel taxes right now is virtually a voluntary thing. They have to file, each individual station that sells diesel. And that is what the 60,000 were—points of collection.

And we think we know of 60,000. There may be 120,000. Because if somebody does not follow you, we do not know you are selling diesel. And now the reduction ought to make it easier, but it still——

Senator LAUTENBERG. You are moving it into the distributor point?

HIGHWAY TRUST FUND HAS PORTION OF TOTAL

Mr. MORGAN. Yes, sir; but in the overall scheme of revenue collection, the highway user fees, taxes on fuel, are very small potatoes in the overall revenue scheme of the United States.

Senator LAUTENBERG. How much is it all together?

Mr. MORGAN. About $13 billion a year for the total trust fund, excluding interest. That is in total revenues. About $11.6 billion is gasoline and diesel.

Senator LAUTENBERG. How much of that is diesel?

Mr. MORGAN. About $2.8 billion.

Senator LAUTENBERG. So you are saying one-fourth, you are only collecting three-fourths of that which is due you.

Mr. FARRIS. That is about right.

Senator LAUTENBERG. It sounds like we could make a good investment there.

MINORITY BUSINESS ENTERPRISE

Out of the total obligation of the budget, how much of the $11.4 billion in obligations goes to minority businesses?

Mr. MORGAN. Last year we did about 15 percent of federal aid contracts, about $1.5 billion, to MBE.

Senator LAUTENBERG. What was the average in percentage terms for 1987? You said 1988 would be 15 percent?

Mr. MORGAN. Our goal, of course, is 10 percent. But we estimate it will probably be 15 percent, based on what we did the last few years.

SUBMITTED QUESTIONS

Senator LAUTENBERG. We are going to have questions for the record from me and from Senator D'Amato, Senator Harkin, and Senator Byrd. I would appreciate it if you could get back to us as quickly as you can, as thoroughly as you can.

[The following questions were not asked at the hearing but were submitted for response for the record:]

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

SPEED LIMIT

SENATOR LAUTENBERG: Originally Congress imposed a 55 mile per hour (mph) speed limit to conserve fuel. Since then the safety factor (number of accidents and deaths) has been an overriding concern. Does the Department believe that energy and safety are no longer valid reasons for maintaining a national maximum speed limit?

ANSWER: Energy and Safety both continue to be valid factors in the determination of a maximum speed limit. The Department, however, reflecting the President's position, believes that each State is best qualified to determine what role these factors play under their particular circumstances and, accordingly, set its own speed limits.

SENATOR LAUTENBERG: In this year's continuing resolution, 20 States were allowed to raise the speed limit on rural highways that meet Interstate engineering standards. What has happened under this provision?

ANSWER: Information about the program was made available to all the States shortly after the continuing resolution's enactment through the Federal Highway Administration (FHWA). Several of the States desiring to participate began posting eligible mileage almost immediately.

SENATOR LAUTENBERG: How many States have applied and how many miles of highways were included?

ANSWER: To date, 16 States have posted approximately 2,000 miles of highway at speed limits above 55 mph under the authority of Section 329(a) of Public Law 100-202.

SENATOR LAUTENBERG: How did the Department ensure that these highways meet Interstate engineering standards?

ANSWER: The FHWA Division Offices in the participating States have been involved with the State highway agencies in determining the eligibility and suitability of each highway section in question.

SENATOR LAUTENBERG: Was the Department in support of this 20-State Four-Year project?

ANSWER: Yes. The Department favors extension of the 65 mile per hour (mph) speed limit authority to so called "Interstate look alikes." The ability to post these miles at 65 mph has in some cases helped to reduce the confusion among drivers created by making the highway system the primary criteria for posting a higher speed limit, rather than highway design. The Department does not, however, support the arbitrary aspect of the program that was introduced with the twenty State cap on participation. More than 20 States have mileage meeting the criteria for participation. The Department would support extending the flexibility of this project to all States.

SENATOR LAUTENBERG: Will the Department comply with the requirement that the Secretary, in consultation with the National Association of Governors' Highway Safety Representatives (NAGHSR), annually report to the committee on the safety effects of this demonstration program?

ANSWER: The National Highway Traffic Safety Administration (NHTSA) is the agency within the Department which has been designated by the Secretary to provide the annual reports. NHTSA will comply with reporting requirements.

SENATOR LAUTENBERG: Has a plan been developed? If so, what are the elements of that report plan?

ANSWER: The plan has not been completed by the NHTSA. NHTSA and NAGHSR will meet in the spring of this year to finalize the plan. The Federal Highway Administration will participate by providing available speed monitoring, mileage and vehicle miles of travel information. The elements of the plan will include the collection and analysis of the data necessary to assess the number and rate of accidents, injuries and fatalities occurring on Demonstration Road highway segments.

SENATOR LAUTENBERG: Specifically, how will the evaluation isolate the effects of the increased speed limit?

ANSWER: Conceptually, the analysis of the data will provide the number and rate of accidents, injuries and fatalities on Demonstration Road highway segments and compare those to the safety experience on highway segments prior to the speed limit increase as well as the safety experience of high speed rural Interstates.

The roadway miles included in the Demonstration Program can be a mixture of four administrative highway systems and total only 2,000 miles out of 4 million miles of U.S. roads. National data are routinely collected for each highway system. Collecting the data for the parts of the systems represented in the Demonstration Program will be difficult. The challenge of determining accidents and casualties on this heterogeneous roadway mileage will require the combined efforts of the Federal and State governments, NAGHSR, and other organizations.

TRUCK INSPECTIONS

SENATOR LAUTENBERG: If they are, what has been the experience of using police officers to do truck inspections? If not, why not?

ANSWER: The largest percentage of Motor Carrier Safety Assistance Program (MCSAP) inspectors are police officers. Agencies performing the MCSAP inspections vary from State to State, but the most common designees are Departments of Public Safety (State Police), Highway Patrol Public Service and Utilities Commissions, and Departments of Motor Vehicles. There are also a small number of cities and counties now participating in the MCSAP. These programs are handled through either city police departments or sheriff's offices. All MCSAP inspectors, regardless of the sponsoring agency, receive training in inspection guidelines and procedures. Overall, FHWA has been very satisfied with the level of expertise and experience attained by this class of inspectors.

SENATOR LAUTENBERG: Is the training of police (State, county, or local) for truck inspections an option for a State that receives motor carrier safety assistance grants?

ANSWER: Yes, inspection training is an eligible expense for MCSAP grant funds. All personnel utilized as MCSAP inspectors have received training in inspection procedures. Most States do utilize police officers to perform inspections. Therefore, this is considered a very viable option for a State to receive MCSAP funding.

SENATOR LAUTENBERG: Does FHWA have specific requirements for a State to participate in the motor carrier grant program?

ANSWER: Yes. States are required (1) to adopt the Federal Motor Carrier Safety Regulations or compatible State requirements, (2) to designate State agency responsible for MCSAP, (3) to have and enforce safety regulations for private carriers and for-hire carriers, and (4) to have a State Enforcement Plan detailing the resources for its safety activities and method for assessing the effectiveness of the activities.

SENATOR LAUTENBERG: Are these program requirements or merely guidelines?

ANSWER: The regulations contained in 49 CFR Part 350 are requirements and not merely guidelines.

SENATOR LAUTENBERG: Are these criteria found in either bill or report language? How were they developed?

ANSWER: The criteria for States to participate in MCSAP, contained in 49 CFR Part 350, were developed by FHWA through the normal rulemaking process and were based on the requirements of the Surface Transportation Assistance Act of 1982.

SENATOR LAUTENBERG: Is there a requirement that a certain percentage of inspections be conducted on buses and on special situation vehicles like those that carry hazardous materials? If not, why not?

ANSWER: No, we believe that a specified percentage could unnecessarily constrain a State's safety activities. Before applying for a grant, a State identifies motor carrier safety problems in its State. If, for instance, statistics show that a State has a heavy incidence of accidents involving buses, then a State generally directs the necessary resources toward bus inspection and, if it has the authority, toward reviews of passenger motor carriers. We review these types of considerations when the State submits the State Enforcement Plan and grant application under MCSAP.

SENATOR LAUTENBERG: Is it a suggestion or a requirement that the owners/carriers be sent notices when one of their vehicles or drivers are placed out-of-service?

ANSWER: The mailing of notices of violations disclosed during vehicle inspections (copies of the inspection reports) is strongly recommended by FHWA. This is a guideline rather than a requirement for participation in the MCSAP. In a national review of the 1986 MCSAP, FHWA staff examined the State's practices as part of the review of each State's program. In those instances where it was found that States were not mailing copies of the inspection reports to the motor carriers, recommendations were made for such a program to be instituted.

SENATOR LAUTENBERG: Don't you believe that a critical management safety function could be performed by carrier management if out-of-service notices were sent to them for follow-up correction?

ANSWER: FHWA includes the inspection notification procedure in the national inspection guidelines because the procedures is considered to be very important. This procedure includes sending copies of inspection reports, not only in instances where out-of-service actions are taken, but also when violations are found which are not out-of-service.

Motor Carrier Access

SENATOR LAUTENBERG: The Conference further directed that "safety" be the foremost consideration on the rulemaking process. What has the Department done to ensure that "safety" receives the highest priority?

ANSWER: In developing the proposed rule amendments we have attempted to specifically address safety concerns and continue to emphasize that safety is paramount and should not be compromised in providing access. Our proposal defines a standard of "reasonable access" with a built-in safety-based exception. The proposal is not designed to allow access on every road and street, but rather to establish a minimum guideline for access via the shortest feasible route unless a State identifies specific safety problems.

SENATOR LAUTENBERG: What is the status of TRB's efforts? Has the Department signed a contract with TRB for the study?

ANSWER: The Department executed a TRB/FHWA Cooperative Agreement on September 24, 1987. The TRB is currently selecting a separate committee to complete the access portion of the broader Congressional Study in an accelerated time frame. The Committee's initial meeting is scheduled for March 28. The contract will be amended to reflect a new deadline in mid-1989.

SENATOR LAUTENBERG: Has the Department issued an advanced notice of proposed rulemaking? (If so, provide for the record.)

ANSWER: Yes the Department issued an advanced notice of proposed rulemaking on January 5, 1987. We have provided a copy for the record.

Federal Highway Administration

23 CFR Part 658

[FWHA Docket No. 87-1]

Truck Size and Weight; Reasonable Access

AGENCY: Federal Highway Administration (FHWA), DOT.

ACTION: Advance notice of proposed rulemaking.

SUMMARY: Public comments and information are requested by the FHWA on a petition to amend the existing Federal regulation governing reasonable access by commercial vehicles with lengths and widths authorized by the Surface Transportation Assistance Act of 1982 (STAA). The petitioner also requested the issuance of an interim rule to revise the current FHWA policy by providing a single definition of reasonable access.

DATE: Comments on this docket must be received on or before May 5, 1987.

ADDRESS: Submit written comments, preferably in triplicate, to FHWA Docket No. 87-1, Federal Highway Administration, Room 4205, HCC-10, 400 Seventh Street, SW., Washington, D.C. 20590. All comments received will be available for examination at the above address between 8:30 a.m. and 3:30 p.m. ET, Monday through Friday, except legal holidays. Those desiring notification of receipt of comments must include a self-addressed, stamped postcard.

FOR FURTHER INFORMATION CONTACT: Mr. Philip W. Blow, Office of Motor Carrier Information and Analysis (202) 366-4036, Mr. Kevin E. Heanue, Office of Planning (202) 366-2951 or Mr. David C. Oliver, Office of the Chief Counsel (202) 366-1354, Federal Highway Administration, 400 Seventh Street, SW., Washington, D.C. 20590. Office hours are from 7:45 a.m. to 4:15 p.m. ET, Monday through Friday, except legal holidays.

SUPPLEMENTARY INFORMATION: On June 5, 1984, the FHWA issued a final rule in the Federal Register (23 CFR 658; or 49 FR 23302) implementing the major size and weight provisions of the Surface Transportation Assistance Act (STAA) of 1982, Pub. L. 97-424, 96 Stat. 2097. The reasonable access provisions of the STAA of 1982 (Sections 133(b) and 412) were implemented by section 658.19 of the June 5 rule (23 CFR 658.19). These access provisions require the States to allow vehicles with the dimensions and weight limits authorized by the STAA reasonable access between the National Network and terminals and facilities for food, fuel, repairs, and rest.

Further, for vehicles of household goods carriers and truck tractors with a single 28-foot long (28½-foot long if grandfathered) and up to a 102-inch width semitrailer combinations, reasonable access must be afforded from the Network to points of loading and unloading (see section 106 of Pub. L. 98-554, 98 Stat. 2832).

The National Network consists of the Interstate System and those Federal-aid primary routes designated by the Secretary of Transportation identified under each State in 23 CFR 658, Appendix A.

Docket comments on reasonable access received prior to the June 5, 1984, rule generally concerned two issues. The first was whether the States of the FHWA should define "reasonable access." The FHWA's analysis of the docket comments at that time had not revealed evidence that the States would not provide reasonable access. The second issue was whether or not FHWA should define "terminal." The FHWA concluded that the wide variation in local conditions would make any single Federal definition inappropriate under specific local conditions.

Instead of defining reasonable access and terminal, the FHWA published a listing of State requirements and indicated its intention to allow the States to provide for access as long as the basic intent of the law was not violated. The final rule reflected this policy. The FHWA announced it would monitor the States' reasonable access policies and practices, and reevaluate its position, if necessary, and indicated that it would seek injunctive relief in those cases in which it has determined a State's action with respect to access to be unreasonable and in violation of the STAA.

Petition

The National Industrial Transportation League (NITLeague), an organization of shippers and shipper groups, has petitioned the FHWA to adopt an interim rule that would amend the current Federal requirements for reasonable access (23 CFR 658.19) and institute a rulemaking proceeding to determine whether the interim rule should be made final.

The NITLeague petition proposes that FHWA adopt an interim rule which would do two things. First, this proposed rule would prohibit States from denying access except for (1) posted routes from which large commercial vehicles generally are excluded and which, for 102-inch wide vehicles, have lanes generally or substantially under 10 feet wide and (2) posted routes for which a safer alternate route exists, considering any extra distance. Second, it would define the word "terminal" as any industrial, commercial, or job site location used for origination or termination.

The FHWA does not at this time have an adequate factual basis for adopting the interim rule proposed by the NITLeague. Therefore, FHWA denies that part of the petition of the NITLeague which requests immediate adoption of that proposed interim rule. However, FHWA takes notice that the restrictions imposed by the States and their political subdivisions on access to the National Network by what the petitioner defines as "STAA vehicles" are many and varied, and recognizes that the petition raises the substantial issue of whether the existing rule should be changed, and if so, how. Therefore, by issuance of this advance notice of proposed rulemaking, FHWA grants that part of the NITLeague petition which requests the institution of a rulemaking proceeding.

Accordingly, FHWA solicits comments from interested persons on the question of whether its existing rule at 23 CFR 658.19 should be revised, and if so, how. Interested persons may wish to comment on, but are not restricted to, the following specific issues:

1. Are the statutory terms "reasonable access" and "terminal" susceptible of workable definition, and if so, by whom should they be defined, FHWA or the States? What showing of reasonableness of the definitions should FHWA require? How would single national definitions of the terms affect safety, enforcement, transportation costs and productivity?

2. Can "terminal" be defined in a manner, as for example by a formula using factors such as tonnage, operations, and demograhics, so as to fairly reflect the differing circumstances of States and localities?

3. If FHWA were to alter its existing policy on "reasonable access" should the States be permitted to impose access restrictions on all STAA-dimensioned vehicles on the grounds that some of such vehicles may generate safety, congestion, or other problems? If it is not, may rational divisions be made among vehicle types?

4. Are the access restriction measures now employed in some States or localities, such as fixed mileage distances, fixed hours of operation, and special permits, factually supportable (e.g., with safety and traffic data)? If so, how? If not, with what reasonable and practical measures might they be replaced?

The FHWA is also particularly interested in accident experience since the passage of the STAA of 1982 in those States allowing commercial vehicles widespread access. To the extent possible, the accident data should include normalizing data such as the number of all accidents or motor carrier vehicle miles of travel versus total vehicle miles of travel. Any geometric or other engineering data that would indicate the creation of safety problems under unrestricted or less restricted access provisions are also specifically being sought.

Those desiring to comment on this ANPRM are asked to submit their views in writing to the docket. The docket comments will be available for public inspection before and after the closing date at the above address. All comments received before the closing date will be considered before further rulemaking action is undertaken. A copy of the NIT League petition is available for inspection and copying in the FHWA Docket Room or may be obtained by contacting the Docket Room Clerk at (202) 366-1383.

Twenty-four companies and motor carrier associations have already written to the FHWA in support of this petition. These comments and the petition itself have been placed in the docket open by this ANPRM.

Regulatory Impact

The FHWA has determined, at this time, that this document contains neither a major rule under Executive Order 12291 nor a significant regulation under the regulatory policies and procedures of the Department of Transportation. This determination will be reevaluated and a draft regulatory evaluation will be prepared, if necessary, based on the information received in response to this notice.

Based upon the information available to FHWA at this time, the action taken in this advance notice of proposed rulemaking will not have a significant economic impact on a substantial number of small entities.

(Catalog of Federal Domestic Assistance Program Number 20.205, Highway Research, Planning, and Construction. The regulations implementing Executive Order 12372 regarding intergovernmental consultations o Federal programs and activities apply to this program.)

(23 U.S.C. 315; 49 U.S.C. 2311(d); 49 CFR 1.48

List of Subjects in 23 CFR Part 658

Grant programs—transportation, Highways and roads, Motor carriers—size and weight.

Issued on: December 18, 1986.

Robert E. Harris,

Deputy Federal Highway Administrator, Federal Highway Administration.

[FR Doc. 87-83 Filed 1-2-87; 8:45 am]

BILLING CODE 4910-22-M

SENATOR LAUTENBERG: How does the Department plan to proceed? (Provide the plan with dates for proceeding.)

ANSWER: The Department is reviewing a draft notice of proposed rulemaking. We anticipate submittal in several weeks to the Office of Management and Budget for clearance to publish in the Federal Register. The notice would provide a 120-day comment period. At the close of the comment period we will digest and analyze the comments and provide a copy to TRB for its use in the study. We will evaluate the TRB study's conclusions and recommendations when available in mid-1989 along with the comments on the notice prior to developing a final rule. We believe we can publish the final rule within 120 days of the receipt of the TRB study report.

SENATOR LAUTENBERG: Has the Federal Highway Administration polled the States to estimate the amount of funds they could obligate absent a ceiling?

ANSWER: No, the Federal Highway Administration has not polled the States.

SENATOR LAUTENBERG: What was the obligation rate for those programs outside the ceiling? List for years 1985, 1986, and 1987 the amount obligated.

ANSWER: Following are the obligations by fiscal year for each of the programs exempt from the Federal-aid highways obligation limitation:

Fund	FY 1985	FY 1986	FY 1987
Bridge Acceleration	($15,225,004)	($2,169,633)	$1,081,450
Alaska Highway	4,480,500	15,996,075	(929,615)
Emergency Relief	86,700,000	158,200,000	71,777,661
Illinois Usable Segments Demo. (131b)	21,783,481	7,918,079	12,110,064
Minimum Allocation	729,061,144	987,567,941	252,591,643
State of Art Gap Closing Demo. (131j)	(480,535)	64,832,185	36,810
Union Station	327,347	2,753,709	1,296,695
Woodrow Wilson Bridge	426,650	13,824,196	(2,445,579)
Section 149b Demos.	...	...	41,188,755
Section 149c Demos. Minimum Allocation	...	...	8,209,944
Bridges Over Dams	0	0	0
Zilwaukee Bridge	20,506,170	...	...
Total	$847,579,753	$1,248,922,552	$384,917,828

SENATOR LAUTENBERG: What is the estimated amount of obligations for exempt programs in fiscal years 1988 and 1989 (assuming current law in 1989)?

ANSWER: Following are the estimated obligations by fiscal year assuming current law:

Fund	FY 1988 Estimate	FY 1989 Estimate
Bridge Acceleration	$ 9,000,000	$ 28,000,000
Alaska Highway	5,000,000	5,000,000
Emergency Relief	100,000,000	100,000,000
Illinois Usable Segments Demo. (131b)	0	0
Minimum Allocation	804,000,000	828,000,000
State of Art Gap Closing Demo. (131j)	0	0
Union Station	3,800,000	0
Woodrow Wilson Bridge	0	0
Section 149b Demos.	166,000,000	150,000,000
Section 149c Demos. Minimum Allocation	12,000,000	10,000,000
Bridges Over Dams	0	0
Total	$1,099,800,000	$1,121,000,000

SENATOR LAUTENBERG: Is the Administration asking to include Section 149 projects under the obligation ceilings?

ANSWER: Yes, all funding for the Section 149 projects would be included under the obligation ceiling. Currently, the only portion of the funding that is subject to the ceiling is the approximately $106.8 million, referred to as Section 149(d) funding, which is derived annually from drawdowns from the earmarked discretionary funds. Under the budget proposal, both the $165.8 million authorized by Section 149(b) and the $12.2 million authorized by Section 149(c) to provide a minimum level of funding for each State would also be subject to the ceiling.

SENATOR LAUTENBERG: Why did the Administration ask to waive the provisions of Section 105(f) of the Surface Transportation and Uniform Relocation Assistance Act of 1987 when determining the obligation ceiling?

ANSWER: The additional obligation authority provided by Section 105(f) increases the overall program level for Federal-aid highways which undermines the deficit-neutral concept on which the budget is based.

SENATOR LAUTENBERG: Do any other Federal agencies reimburse the IRS for tax collection? If so, which ones and for what type of work?

ANSWER: We are not aware of any. IRS has not provided us with a definitive answer to this question, but we understand that its Legislative Affairs Division is still looking into it. We are aware, however, that several States fund the collection of fuel taxes with highway revenues. This results in greater efforts by the tax collectors in assuring all taxes are paid.

SENATOR LAUTENBERG: What is the estimate of costs associated with diesel tax collection? Who incurs these costs?

ANSWER: The IRS was not able to provide us with a specific answer to this question. It has reported, however, that auditing/examination costs associated with the diesel tax were about $1.3 million in FY 1987. This amounts to substantially less than one man year of effort per district office.

SENATOR LAUTENBERG: At one time it was estimated that fuel tax evasion schemes were costing the Trust Fund almost $1 billion a year. Has that estimate ever been validated?

ANSWER: That estimate was based upon the substantial level of evasion uncovered by State and Federal antiracketeering efforts in New York, New Jersey, and Florida. Attempts to validate the estimate through known sources of fuel production and consumption data have been somewhat unsuccessful due to high levels of data aggregation. However, follow-on combined State/Federal investigations have shown audit returns of up to $3000 for each audit hour. While this high return occurred from a process that screened likely offenders, it did not include the many who never file and thus, were not identified.

We believe the revenue lost to the Trust Fund could easily have increased to the $1 billion level, if the problem were not so widely publicized and the point of taxation not raised to eliminate practices that fostered evasion.

DISADVANTAGED BUSINESS ENTERPRISE (DBE) AND SKILLS TRAINING PROGRAMS

SENATOR LAUTENBERG: What was the average (nationwide) in percentage terms for fiscal year (FY) 1987 and what is the average to date in FY 1988?

ANSWER: The FY 1987 national level of DBE participation in the Federal-aid Highway Program was 15.0 percent (Federal share of DBE prime contract awards and subcontract commitments). The first quarter FY 1988 total was 15.6 percent.

SENATOR LAUTENBERG: Did all States meet their minority business goals in FY 1987?

ANSWER: All of the States met or exceeded their FY 1987 goals except one.

SENATOR LAUTENBERG: If not, which ones did not meet their goals? Why were the goals not met (for each State)?

ANSWER: Georgia was the only State which did not meet its goal in FY 1987. The primary reasons given by the State for not meeting its annual goal were the relatively large number of projects let during the year which provided limited opportunities for DBE participation; the location of DBEs in relation to available work and the firms' work specialties; and the letting of a very large bridge contract with minimal opportunities for DBEs. Georgia achieved 9.2 percent of its 10 percent FY 1987 DBE goal.

SENATOR LAUTENBERG: What penalties does a State face if it does not meet the minority business requirements?

ANSWER: By minority business requirements we assume you are referring to the annual DBE goal. The DBE regulations, 49 CFR 23, at Section 23.68 provides recipients (States) which fail to meet their overall annual goals with an opportunity to explain to the Administrator of the concerned departmental element why the goal could not be achieved and why achieving the goal was beyond the recipient's control. If the Administrator is satisfied that the reasons presented by the recipient show that circumstances beyond the recipient's control precluded goal achievement no further action is taken. However, if the recipient does not make such an explanation or the Administrator determines that the recipient's explanation does not justify the failure to meet an approved overall goal, the Administrator may direct the recipient to take remedial action.

Failure to take remedial action directed by the Administrator is non-compliance with the DBE regulations and the Administrator may apply sanctions as provided for in 23 CFR 1.36 including withholding Federal-aid funds.

SENATOR LAUTENBERG: For the record provide by State, by minority group, the dollar amount and number of contracts awarded for both prime and subcontract awards. Provide the information for fiscal years 1986 and 1987.

ANSWER: The following tabulations provide the information requested.

DBE ETHNIC AND WBE PRIME AND SUBCONTRACTING AWARDS

FOR FY-1987, 12 MO. SUMMARY

STATE	BLACK AMERICAN		HISPANIC AMERICAN		NATIVE AMERICAN		ASIA-INDIA AM.		ASIA-PAC AM.		OTHERS		ETHNIC TOTALS		WBE TOTALS		GRAND TOTALS	
	AWARDS No.	AMOUNT $(1000)	AWARDS No.	AMOUNT $(1000)	AWARDS No.	AMOUNT $(1000)	AWARDS No.	AMOUNT $(1000)	AWARDS No.	AMOUNT $(1000)	AWARDS No.	AMOUNT $(1000)	AWARDS No.	AMOUNT $(1000)	AWARDS No.	AMOUNT $(1000)	AWARDS No.	AMOUNT $(1000)
ALABAMA	130	13,041	5	623	45	3,521	0	0	0	0	0	0	180	17,905	73	4,103	253	22,008
ALASKA	10	655	18	2,460	51	10,188	0	0	4	471	0	0	83	13,773	40	3,177	123	16,950
ARIZONA	22	1,295	90	11,896	19	4,239	1	392	6	538	1	47	139	18,407	59	3,757	198	22,164
ARKANSAS	68	3,991	1	81	21	3,033	0	0	0	0	2	18	92	7,123	79	3,238	171	10,361
CALIFORNIA	275	29,553	555	80,685	110	4,859	16	2,921	96	6,326	75	2,115	1,127	126,459	606	29,365	1,733	155,824
COLORADO	6	613	142	11,747	4	1,320	0	0	19	1,397	0	0	171	15,077	156	9,505	327	24,582
CONNECTICUT	45	5,427	34	4,913	0	0	1	3	0	0	0	0	80	10,343	92	6,365	172	16,708
D.C.	8	5,067	12	17,323	0	0	0	0	0	0	0	0	20	22,390	5	936	25	23,326
DELAWARE	42	4,498	2	23	5	1,193	4	132	1	124	0	0	54	5,970	33	2,033	87	8,003
FLORIDA	122	32,198	112	22,018	66	5,252	8	2,300	3	733	0	0	311	62,590	179	11,560	490	74,150
GEORGIA	149	19,273	31	4,670	24	3,891	0	0	1	16	0	0	205	27,850	51	2,654	256	30,504
HAWAII	0	0	0	0	3	10,960	0	0	8	2,659	0	0	11	13,619	0	0	11	13,619
IDAHO	0	0	33	3,503	31	2,461	0	0	12	528	0	0	76	6,492	83	2,072	159	8,564
ILLINOIS	440	22,725	184	12,118	28	1,416	31	2,423	50	11,706	4	54	737	50,443	436	14,995	1,173	65,438
INDIANA	229	6,656	104	4,400	67	6,036	39	355	112	3,463	0	0	551	20,909	222	6,255	773	27,164
IOWA	180	7,771	31	822	45	823	13	270	2	56	24	477	295	10,219	40	3,264	335	13,483
KANSAS	78	8,622	67	1,987	81	12,193	0	0	8	1,971	0	0	234	24,774	134	5,622	368	30,396
KENTUCKY	66	6,618	11	782	9	387	3	176	9	3,003	0	0	98	10,966	95	11,841	193	22,807
LOUISIANA	67	16,612	12	6,334	1	208	6	184	0	0	6	956	92	24,294	41	2,931	133	27,225
MAINE	32	392	10	1,388	41	1,754	0	0	0	0	0	0	83	3,534	173	2,662	256	6,196
MARYLAND	139	20,100	19	7,356	12	8,449	13	4,383	7	3,319	0	0	190	43,607	108	11,574	298	55,181
MASSACHUSETTS	50	9,723	7	442	15	2,319	1	290	0	0	0	0	73	12,773	47	2,215	120	14,988
MICHIGAN	144	15,607	78	9,394	34	2,201	0	0	12	553	0	0	268	27,755	332	17,568	600	45,323
MINNESOTA	43	9,548	29	2,228	58	8,288	2	115	4	241	2	334	138	20,754	77	6,551	215	27,305
MISSISSIPPI	82	7,661	0	0	45	3,690	0	0	0	0	0	0	127	11,351	207	6,151	334	17,502
MISSOURI	172	14,222	17	1,457	79	4,264	0	0	0	0	0	0	268	19,944	207	5,959	475	25,903
MONTANA	1	3	14	1,622	94	6,035	0	0	0	0	0	0	109	7,660	73	5,426	182	13,086
NEBRASKA	43	3,343	40	1,792	19	2,463	0	0	0	0	0	0	102	7,598	9	296	111	7,894

DBE ETHNIC AND WBE PRIME AND SUBCONTRACTING AWARDS

FOR FY-1987, 12 MO. SUMMARY

STATE	BLACK AMERICAN		HISPANIC AMERICAN		NATIVE AMERICAN		ASIA-INDIA AM.		ASIA-PAC AM.		OTHERS		ETHNIC TOTALS		WBE TOTALS		GRAND TOTALS	
	AWARDS No.	AMOUNT $(1000)	AWARDS No.	AMOUNT $(1000)	AWARDS No.	AMOUNT $(1000)	AWARDS No.	AMOUNT $(1000)	AWARDS No.	AMOUNT $(1000)	AWARDS No.	AMOUNT $(1000)	AWARDS No.	AMOUNT $(1000)	AWARDS No.	AMOUNT $(1000)	AWARDS No.	AMOUNT $(1000)
NEVADA	8	1,424	6	2,213	7	9,909	0	0	0	0	1	84	22	13,630	7	224	29	13,854
NEW HAMPSHIRE	14	1,049	1	163	13	5,107	0	0	1	90	0	0	29	6,418	60	3,732	89	10,150
NEW JERSEY	57	6,144	41	4,230	10	1,490	20	3,762	1	26	0	0	129	15,652	131	10,674	260	26,326
NEW MEXICO	0	0	106	6,728	18	1,000	0	0	16	4,555	0	0	140	12,284	37	1,271	177	13,555
NEW YORK	151	21,300	119	13,150	101	11,923	42	4,203	0	0	0	0	413	50,744	308	19,659	721	70,403
NORTH CAROLINA	169	14,012	8	1,583	73	3,993	9	840	32	1,100	21	335	312	21,863	101	4,495	413	26,358
NORTH DAKOTA	2	752	10	123	56	3,150	0	0	0	0	0	0	68	4,025	75	4,034	143	8,059
OHIO	290	49,516	16	4,461	44	12,022	3	332	7	457	2	412	362	67,200	138	28,108	500	95,308
OKLAHOMA	29	5,662	13	1,137	94	8,601	0	0	1	4	0	0	137	15,405	70	3,302	207	18,707
OREGON	16	1,827	35	2,974	41	2,916	0	0	26	1,189	0	0	118	8,907	81	2,187	199	11,094
PENNSYLVANIA	334	29,285	63	4,408	116	5,343	72	9,330	37	4,831	0	0	622	53,278	355	18,491	977	71,769
PUERTO RICO	0	0	34	38,612	0	0	0	0	0	0	0	0	34	38,612	0	0	34	38,612
RHODE ISLAND	32	4,430	16	4,555	0	0	0	0	1	88	0	0	49	9,072	47	1,027	96	10,099
SOUTH CAROLINA	127	19,997	0	0	42	3,636	0	0	3	36	0	0	172	23,669	76	6,615	248	30,284
SOUTH DAKOTA	7	392	15	1,507	77	3,310	0	0	1	3	0	435	100	5,646	72	1,392	172	7,038
TENNESSEE	71	7,263	0	0	16	4,059	0	0	3	969	0	0	90	12,291	50	5,490	140	17,781
TEXAS	69	9,912	284	52,814	17	5,080	4	378	3	75	0	0	377	68,258	143	7,847	520	76,105
UTAH	9	289	43	6,898	14	2,595	1	34	7	529	0	0	74	10,345	34	1,922	108	12,267
VERMONT	7	1,239	10	1,143	24	5,381	0	0	0	0	0	0	41	7,763	67	5,434	108	13,197
VIRGINIA	188	19,660	8	376	16	3,443	1	153	4	795	0	0	217	24,427	91	4,008	308	28,435
WASHINGTON	47	14,801	18	7,618	77	13,744	0	0	48	2,784	0	0	190	38,947	161	18,348	351	57,295
WEST VIRGINIA	146	14,322	7	73	15	1,101	10	830	20	907	0	0	193	17,234	16	3,034	209	20,268
WISCONSIN	90	2,420	131	1,523	265	7,718	62	525	3	104	1	43	552	12,333	216	4,177	768	16,510
WYOMING	1	219	20	1,560	24	2,074	0	0	0	0	0	0	45	3,854	44	1,493	89	5,347
TOTALS:	4,507	$492,019	2,657	$369,994	2,167	$229,042	362	$34,498	568	$55,653	147	$5,310	10,408	$1,186,515	6,033	339,207	16,441	1,525,722

NINE MONTH TOTALS REFLECT ADJUSTMENTS IN DATA
PREVIOUSLY REPORTED IN N.Y., N.C., AND PA.

DOE PRIME AND SUBCONTRACTING AWARDS BY ETHNIC GROUPS

FOR FY-1986, 12 MO. SUMMARY

STATE	BLACK AMERICAN		HISPANIC AMERICAN		NATIVE AMERICAN		ASIA-INDIA AM.		ASIA-PAC AM.		OTHERS		TOTALS	
	AWARDS No.	AMOUNT $(1000)	AWARDS No.	AMOUNT $(1000)	AWARDS No.	AMOUNT $(1000)	AWARDS No.	AMOUNT $(1000)	AWARDS No.	AMOUNT $(1000)	AWARDS No.	AMOUNT $(1000)	AWARDS No.	AMOUNT $(1000)
ALABAMA	151	$14,660	4	$492	102	$4,691	0	$0	0	$0	0	$0	257	$19,843
ALASKA	13	2,824	12	1,333	30	3,793	0	0	4	263	0	0	59	8,413
ARIZONA	19	2,371	110	18,493	22	6,334	1	316	2	347	2	99	156	28,013
ARKANSAS	109	6,056	1	61	35	5,081	0	0	0	0	9	486	154	12,083
CALIFORNIA	210	13,169	687	56,879	131	3,600	15	730	162	5,561	9	1,330	1,222	81,270
COLORADO	38	2,655	145	9,916	4	1,241	0	0	22	2,015	0	0	209	15,827
CONNECTICUT	78	8,163	42	6,782	3	169	0	0	0	0	0	0	123	15,114
D.C.	11	6,747	5	3,384	0	0	1	197	0	0	0	0	17	10,328
DELAWARE	29	3,724	1	14	1	7	4	493	1	71	0	0	36	4,310
FLORIDA	141	11,522	144	28,936	79	7,306	6	1,324	15	2,064	0	0	385	51,152
GEORGIA	160	17,742	31	3,101	17	2,790	0	0	3	277	0	0	211	23,911
HAWAII	0	0	0	0	7	4,376	3	2,368	10	3,195	0	0	20	9,939
IDAHO	3	109	37	3,480	25	1,057	2	51	6	512	0	0	73	5,209
ILLINOIS	600	26,576	258	11,796	42	5,824	40	3,912	36	6,296	9	70	985	54,474
INDIANA	360	10,607	139	7,394	47	5,110	33	998	117	2,946	0	0	696	26,643
IOWA	216	9,242	85	2,187	90	1,876	21	559	2	76	33	537	447	14,478
KANSAS	90	7,517	70	3,460	115	5,105	2	15	1	3	0	0	278	16,100
KENTUCKY	52	5,978	3	66	9	1,246	8	663	4	200	0	0	76	8,152
LOUISIANA	86	9,877	26	6,823	4	585	0	0	0	0	7	1,457	123	18,741
MAINE	24	597	3	598	39	1,241	0	0	0	0	0	0	66	2,436
MARYLAND	179	11,118	22	1,428	11	4,322	27	2,772	13	3,327	0	0	252	22,966
MASSACHUSETTS	43	6,601	7	1,451	12	2,230	2	1,484	0	0	0	0	64	11,766
MICHIGAN	198	27,220	111	15,290	49	4,266	0	0	11	1,549	0	0	369	48,324
MINNESOTA	52	4,431	40	4,558	64	7,561	0	0	4	135	0	0	160	16,686
MISSISSIPPI	152	21,410	0	0	55	3,294	0	0	0	0	0	0	207	24,704
MISSOURI	204	18,623	34	2,318	99	6,961	0	0	3	309	0	0	340	28,211
MONTANA	0	0	11	413	118	8,643	0	0	0	0	0	0	129	9,056
NEBRASKA	51	3,530	32	1,342	9	1,117	0	0	0	0	0	0	92	5,990
NEVADA	13	1,574	15	1,626	10	8,400	0	0	1	190	1	13	40	11,810
NEW HAMPSHIRE	12	730	3	447	11	2,049	0	0	0	0	1	94	27	3,319
NEW JERSEY	72	7,017	37	4,721	14	4,732	27	3,151	3	185	0	0	153	19,806
NEW MEXICO	0	0	90	10,653	20	817	0	0	13	1,678	0	0	123	13,147
NEW YORK	166	37,563	101	16,080	83	12,042	53	6,081	0	0	0	0	403	74,166
NORTH CAROLINA	217	13,564	4	658	80	5,608	10	1,216	42	553	42	730	395	22,329
NORTH DAKOTA	3	809	4	28	110	6,639	0	0	0	0	0	0	117	7,557
OHIO	240	38,893	19	7,350	37	11,515	13	3,069	5	1,878	0	0	314	62,705
OKLAHOMA	35	7,086	10	6,073	57	9,085	2	110	3	470	0	0	107	22,824
OREGON	41	3,696	60	4,438	56	2,514	0	0	44	3,768	0	0	201	14,416
PENNSYLVANIA	474	48,729	108	13,000	138	4,135	95	6,191	61	3,190	0	0	876	75,254
PUERTO RICO	0	0	18	17,866	0	0	0	0	0	0	0	0	18	17,866
RHODE ISLAND	45	5,241	2	156	1	105	0	0	1	80	0	0	49	5,582
SOUTH CAROLINA	158	10,129	1	70	45	4,685	0	0	0	0	0	0	204	14,884
SOUTH DAKOTA	9	360	13	829	113	5,872	1	0	3	30	7	546	146	7,666
TENNESSEE	71	12,859	5	311	22	1,325	2	2,238	0	0	0	0	100	16,734
TEXAS	68	11,566	230	67,528	50	14,254	0	0	13	3,630	0	0	361	96,978
UTAH	12	348	65	7,436	22	3,035	0	0	20	3,731	2	147	121	14,697
VERMONT	6	652	7	3,062	19	3,032	0	0	0	0	0	0	32	6,746
VIRGINIA	164	38,990	2	3,257	15	2,635	1	37	2	482	0	0	184	44,409
WASHINGTON	41	6,261	29	3,679	42	3,862	0	0	57	3,273	0	0	169	17,076
WEST VIRGINIA	86	8,445	16	609	8	975	2	62	9	702	0	0	119	10,803
WISCONSIN	195	3,625	175	1,520	280	11,710	69	653	13	142	1	39	701	17,690
WYOMING	5	877	30	1,617	29	2,691	0	0	1	12	0	0	59	5,196
TOTALS:	5,268	$512,942	3,098	$364,669	2,409	$272,666	620	$39,294	715	$53,860	123	$5,506	12,233	$1,198,937

TWELVE-MONTH TOTALS REFLECT ADJUSTMENTS IN DATA
PREVIOUSLY REPORTED IN GA., ME., MT., OH.,OR.,
PA. AND R.I.

SENATOR LAUTENBERG: In percentage terms, provide the fiscal years 1986 and 1987 experience by State with original Section 105(f) goals.

ANSWER: The following tabulations provide the information requested.

FY 1986 TWELVE MONTH REPORT OF FEDERAL-AID

DBE AWARDS AND COMMITMENTS

STATE	FY 1986 DBE GOAL (%)	9 MONTH FA CONTRACTS $(1000)	4TH QTR FA CONTRACTS $(1000)	12 MONTH FA CONTRACTS $(1000)	PRIME CONTRACT AWARDS PLUS SUBCONTRACT COMMITMENTS			PRIME CONTRACT AWARDS PLUS SUBCONTRACT AWARDS	
					(No.)	$(1000)	% ACHIEVED	(No.)	$(1000)
ALABAMA	10.0	$150,884	$20,141	$171,024	209	$18,100	10.6	257	$19,843
ALASKA	10.0	$65,170	32,983	$98,152	32	11,498	11.7	99	8,413
ARIZONA	10.0	$195,822	62,004	$257,825	130	28,421	11.0	156	28,013
ARKANSAS	10.0	$91,897	16,489	$108,386	131	12,401	11.4	154	12,483
CALIFORNIA	13.0	$551,688	227,126	$778,815	1,345	125,380	16.1	1,222	81,278
COLORADO	10.0	$107,993	49,508	$157,501	180	15,954	10.1	209	15,827
CONNECTICUT	10.0	$138,025	14,911	$152,936	117	18,627	12.2	123	15,114
D.C.	35.0	$16,605	5,161	$21,765	20	13,162	60.5	17	10,328
DELAWARE	10.0	$35,153	3,162	$38,315	36	4,310	11.2	36	4,310
FLORIDA	10.0	$196,941	168,011	$364,953	282	51,940	14.2	385	51,952
GEORGIA	10.0	$343,862	65,163	$409,026	362	42,014	10.3	211	23,911
HAWAII	10.0	$20,651	8,617	$29,268	39	11,589	39.6	28	9,939
IDAHO	10.0	$48,440	6,239	$54,678	92	6,004	11.0	73	5,209
ILLINOIS	10.0	$353,675	136,494	$490,169	952	53,105	10.8	985	54,474
INDIANA	10.0	$203,087	47,728	$250,815	618	27,410	10.9	696	26,663
IOWA	10.0	$127,936	6,948	$134,884	421	15,576	11.5	447	14,478
KANSAS	10.0	$123,828	51,453	$175,281	224	16,910	9.6	278	16,100
KENTUCKY	10.0	$74,242	14,665	$88,908	76	8,152	9.2	76	8,152
LOUISIANA	10.0	$154,456	45,819	$200,275	65	18,676	9.3	123	18,741
MAINE	6.0	$32,382	7,890	$40,272	70	2,753	6.8	66	2,436
MARYLAND	10.0	$163,254	132,850	$296,104	278	33,307	11.2	252	22,966
MASSACHUSETTS	10.0	$73,786	14,905	$88,691	85	16,009	18.1	64	11,766
MICHIGAN	10.0	$296,469	57,102	$353,571	194	44,447	12.6	369	48,324
MINNESOTA	10.0	$149,378	28,702	$178,080	160	16,686	9.4	160	16,686
MISSISSIPPI	10.0	$117,495	12,288	$129,784	153	17,947	13.8	207	24,704
MISSOURI	10.0	$188,493	31,564	$220,057	315	24,995	11.4	340	28,211
MONTANA	6.0	$68,512	19,585	$88,096	116	8,714	9.9	129	9,056
NEBRASKA	10.0	$92,570	4,940	$97,510	113	8,761	9.0	92	5,990
NEVADA	10.0	$55,342	20,350	$75,692	34	11,520	15.2	40	11,810
NEW HAMPSHIRE	10.0	$36,388	3,078	$39,466	39	4,284	10.9	27	3,319
NEW JERSEY	10.0	$287,700	27,479	$315,178	166	35,369	11.2	153	19,806
NEW MEXICO	11.3	$87,754	20,017	$107,771	69	11,511	10.7	123	13,147
NEW YORK	12.0	$467,177	127,755	$594,932	248	80,735	13.6	403	74,166
NORTH CAROLINA	10.0	$149,911	77,891	$227,802	130	22,429	9.8	395	22,229
NORTH DAKOTA	8.0	$61,568	4,578	$66,146	78	6,399	9.7	117	7,557
OHIO	10.0	$330,263	84,429	$414,692	314	62,705	15.1	314	62,705
OKLAHOMA	10.0	$112,942	48,885	$161,827	119	21,040	13.0	107	22,824
OREGON	10.0	$122,010	9,059	$131,069	151	14,507	11.1	201	14,416
PENNSYLVANIA	10.0	$588,539	234,794	$823,333	950	89,361	10.9	876	75,254
PUERTO RICO	30.0	$32,592	184	$32,776	36	23,879	72.9	18	17,866
RHODE ISLAND	10.0	$26,311	28,241	$54,552	49	5,582	10.2	49	5,582
SOUTH CAROLINA	10.0	$99,523	9,251	$108,774	145	11,005	10.1	204	14,884
SOUTH DAKOTA	10.0	$46,561	13,398	$59,959	140	6,728	11.2	146	7,666
TENNESSEE	10.0	$151,837	48,169	$200,006	152	21,333	10.7	100	16,734
TEXAS	10.0	$742,149	198,395	$940,544	347	125,153	13.3	361	96,978
UTAH	10.0	$62,944	33,065	$96,009	81	11,605	12.1	121	14,697
VERMONT	10.0	$22,939	7,749	$30,688	32	5,610	18.3	32	6,746
VIRGINIA	10.0	$243,715	145,616	$389,331	183	42,985	11.0	184	44,409
WASHINGTON	10.0	$122,353	40,691	$163,044	158	18,335	11.2	169	17,076
WEST VIRGINIA	10.0	$111,586	59,163	$170,750	215	17,843	10.4	119	10,803
WISCONSIN	10.0	$157,540	8,685	$166,225	558	16,715	10.1	701	17,698
WYOMING	5.5	$54,492	17,844	$72,336	55	4,538	6.3	99	5,196
TOTALS:		$8,356,830	$2,561,214	$10,918,044	11,264	$1,344,017	12.3	12,233	$1,198,937

TWELVE MONTH TOTALS REFLECT ADJUSTMENTS IN DATA
PREVIOUSLY REPORTED IN FL., GA., ME., MT., OK., OR.,
PA. AND R.I.

[illegible]

DBE AWARDS AND COMMITMENTS

STATE	FY 1987 DBE GOAL (%)	9 MO. FA CONTRACTS $(1000)	4TH QTR. FA CONTRACTS $(1000)	12 MONTH FA CONTRACTS $(1000)	PRIME CONTRACT AWARDS PLUS SUBCONTRACT COMMITMENTS (No.)	$(1000)	% ACHIEVED	PRIME CONTRACT AWARDS PLUS SUBCONTRACT AWARDS (No.)	$(1000)
ALABAMA	10.0	$81,121	96,568	$177,689	320	23,131	13.0	253	22,008
ALASKA	10.0	$45,207	23,553	$68,760	35	10,362	15.1	123	16,949
ARIZONA	10.0	$97,093	63,294	$160,387	171	26,306	16.5	198	22,164
ARKANSAS	10.0	$83,035	4,124	$87,159	132	10,810	12.4	171	10,362
CALIFORNIA	[illegible]	$417,220	302,974	$720,194	1,733	155,824	21.6	1,733	155,824
COLORADO	10.0	$84,828	59,991	$144,819	314	22,938	15.8	327	24,582
CONNECTICUT	10.0	$133,761	97,666	$231,427	192	33,877	14.6	172	16,709
D.C.	35.0	$28,672	19,533	$48,205	34	28,549	59.2	25	23,326
DELAWARE	10.0	$48,768	5,321	$54,089	87	8,004	14.8	87	8,004
FLORIDA	10.0	$302,427	240,830	$543,257	519	70,617	13.0	490	74,158
GEORGIA	10.0	$246,071	82,985	$329,056	322	30,313	9.2	256	30,505
HAWAII	10.0	$8,702	34,217	$42,919	63	20,177	47.0	11	13,618
IDAHO	10.0	$49,402	11,192	$60,594	172	9,426	15.6	159	8,564
ILLINOIS	10.0	$214,793	196,724	$411,517	1,173	65,438	15.9	1,173	65,438
INDIANA	10.0	$127,955	56,760	$184,715	592	22,911	12.4	773	27,163
IOWA	10.0	$107,334	51,754	$159,088	404	19,053	12.0	333	13,403
KANSAS	10.0	$114,714	26,978	$141,692	311	17,350	12.2	368	30,395
KENTUCKY	10.0	$97,233	43,805	$141,038	193	22,806	16.2	193	22,806
LOUISIANA	10.0	$153,965	105,410	$259,375	117	32,469	12.5	133	27,226
MAINE	6.0	$29,668	11,654	$41,322	266	5,399	13.1	256	6,196
MARYLAND	10.0	$224,969	96,723	$321,692	304	44,870	13.9	290	55,180
MASSACHUSETTS	10.0	$147,569	25,314	$172,883	134	21,459	12.4	120	14,900
MICHIGAN	10.0	$199,807	59,937	$259,744	241	40,478	15.6	600	45,322
MINNESOTA	10.0	$151,437	71,492	$222,929	215	27,305	12.2	215	27,305
MISSISSIPPI	10.0	$92,748	27,087	$119,835	299	16,256	13.6	334	17,502
MISSOURI	10.0	$108,136	78,201	$186,337	426	24,001	12.9	475	25,904
MONTANA	6.0	$49,205	22,444	$71,649	183	11,039	15.4	182	13,087
NEBRASKA	10.0	$71,072	10,932	$82,004	127	9,001	11.0	111	7,893
NEVADA	10.0	$51,491	8,576	$60,067	32	10,871	18.1	29	13,855
NEW HAMPSHIRE	10.0	$37,077	14,875	$51,952	86	10,048	19.3	89	10,150
NEW JERSEY	10.0	$142,810	26,958	$169,768	248	21,676	12.8	260	26,326
NEW MEXICO	11.3	$58,259	32,401	$90,660	141	14,895	16.4	177	13,554
NEW YORK	12.0	$303,755	202,152	$505,907	320	75,864	15.0	721	70,403
NORTH CAROLINA	10.0	$145,886	59,047	$204,933	116	21,924	10.7	413	26,357
NORTH DAKOTA	8.0	$57,879	5,452	$63,331	150	11,939	18.9	143	8,860
OHIO	10.0	$364,961	107,605	$472,566	500	95,300	20.2	500	95,300
OKLAHOMA	10.0	$103,003	59,572	$162,575	290	19,808	12.2	207	18,787
OREGON	10.0	$79,332	10,106	$89,438	143	12,823	14.3	199	11,094
PENNSYLVANIA	10.0	$587,128	249,322	$836,450	1,150	97,462	11.7	977	71,769
PUERTO RICO	30.0	$19,459	19,557	$39,016	36	38,678	99.1	34	38,612
RHODE ISLAND	10.0	$67,004	16,478	$83,482	96	10,099	12.1	96	10,099
SOUTH CAROLINA	10.0	$217,300	7,132	$224,432	215	27,808	12.4	248	30,285
SOUTH DAKOTA	10.0	$43,917	16,628	$60,545	207	8,134	13.4	180	7,838
TENNESSEE	10.0	$140,642	37,144	$177,786	184	22,446	12.6	140	17,780
TEXAS	10.0	$429,664	236,127	$665,791	470	84,411	12.7	520	76,185
UTAH	10.0	$54,330	33,215	$87,545	98	10,783	12.3	108	12,267
VERMONT	10.0	$36,488	8,619	$45,107	35	10,362	23.0	108	13,197
VIRGINIA	10.0	$136,240	69,119	$205,359	308	28,435	13.8	308	28,435
WASHINGTON	10.0	$273,472	40,659	$314,131	354	55,178	17.6	351	57,294
WEST VIRGINIA	10.0	$135,463	32,986	$168,449	190	18,674	11.1	209	20,268
WISCONSIN	10.0	$106,288	25,799	$132,087	786	17,348	13.1	768	16,511
WYOMING	5.5	$41,851	11,188	$53,039	78	4,208	7.9	85	3,347
TOTALS:		$7,150,631	$3,258,180	$10,408,811	15,322	$1,559,731	15.0	16,441	$1,525,722

TWELVE MONTH TOTALS REFLECT ADJUSTMENTS IN DATA
PREVIOUSLY REPORTED IN MT., N.Y., N.C. AND PA.

SENATOR LAUTENBERG: What is the status of the Minority Business Demonstration Bonding program and the original $5 million provided for the program? How was the money spent?

ANSWER: The Federal Highway Administration in 1986, implemented the demonstration bonding program in the States of New York, Pennsylvania, and Florida. Each of the three States implemented 2-year bonding programs tailored to address the needs of disadvantaged business enterprises (DBE's) in that State. The demonstration bonding program is scheduled to conclude this summer.

The bonding effort in the three States is estimated to cost $875,000 (NY--$300,000, PA--$300,000, and FL--$275,000). To date, the bonding program has provided bonding assistance to over 150 DBE firms and has resulted in 20 firms obtaining initial bonding or having their bonding limits increased. The remaining portion of the $5 million is being used to support the Department of Transportation's, Office of Small and Disadvantaged Business Utilization, bonding program.

SENATOR LAUTENBERG: How did (does) the demonstration bonding program relate to the efforts of the Office of Small and Disadvantaged Business Utilization within the Secretary's office?

ANSWER: The Federal Highway Administration's (FHWA's) bonding program is a "bond readiness" assistance program. The program is designed to provide, through its consultants, help to the disadvantaged business enterprises (DBE's) in meeting minimum bonding standards and to obtain bonds through available bonding markets. With the assistance of the bonding consultants, the DBE's are able to understand and improve those aspects of their company's profile (such as financial statement, business track record, owner's character) that are viewed by sureties as key factors in determining bondability. The consultants also assist the DBE's in marketing their bond packages in the bond market, many times to sureties previously unknown to the DBE's.

In contrast, the Office of Small and Disadvantaged Business Utilization's program is a direct bonding program which provides bid, performance and payment bonds to DBE's for transportation related contracts. Department of Transportation's (DOT's) funds, including $4.1 million of FHWA demonstration bonding funds, are being used to provide guarantees to gain surety participation in the program. Sureties are provided an 80 percent guarantee by DOT on each bond written to a DBE qualified for the program.

SENATOR LAUTENBERG: Of the $9 million in estimated obligations for "Construction Skill Training and Minority Business Enterprises," how much is for financing construction skill training programs for disadvantaged workers?

ANSWER: The $9 million in planned FY 89 obligations for supportive services training does not include funding for the Construction Skills Training Supportive Services Program. Beginning with FY 89, the skill training portion of the supportive services program is being discontinued. However, the on-the-job training (OJT) program activities on construction projects will continue and will be reimbursed from Federal-aid construction funds.

SENATOR LAUTENBERG: Briefly describe how this program works. (Including the criteria for participation in the program.)

ANSWER: The construction Skills Training and Minority Business Enterprise Supportive Services Programs are based on the statutory authority of 23 U.S.C. 140(b) and (c) respectively. Funds appropriated pursuant to 23 U.S.C. 140(b) are allocated to the States for the provision of supportive services to help minorities, women, and other disadvantaged individuals gain the necessary skills to qualify them for higher paying jobs in the Federal-aid highway program. State highway agencies assign skills training goals to Federal-aid contracts to carry out the program. Contractors are then obliged to meet these skills training positions with minorities, women, and other disadvantaged individuals.

Funds appropriated pursuant to 23 U.S.C. 140(c) are also used by the States for the provision of supportive services and training to help minority and women-owned small businesses successfully compete for Federal-aid highway contracts and subcontracts. Departmental regulations prescribe certification criteria for DBEs (small businesses owned and controlled by socially and economically disadvantaged individuals). Firms certified by recipients as DBEs are eligible to participate in the FHWA DBE program. The DBE supportive services funds are used to cover a wide range of concerns. For example, some States may use a portion of their supportive services funds for certification and verification of DBE applications and to monitor DBE activities to assure legitimate DBE participation in the program. Direct assistance and training is also provided in recordkeeping, accounting, estimating and bidding, loan and bond packaging, and other assistance as needed.

SENATOR LAUTENBERG: Of the funds for Construction Skills Training and Minority Business in Fiscal Year 1987 and estimated for 1988 and 1989, how much is for New Jersey?

ANSWER: In 1987, New Jersey was allocated $305,000 of minority business enterprise (MBE) supportive services funds and $53,975 of on-the-job training (OJT) supportive services funds. The allocations for 1988 are currently pending and are expected to be released shortly. It is estimated that funding levels for 1988 for MBE supportive services will be approximately the same as 1987; however, the funding for OJT supportive services is expected to be significantly reduced. As explained earlier, there will be no allocation of OJT supportive services funds in 1989. Data for the 1989 MBE supportive services allocation is not available.

SENATOR LAUTENBERG: **Which firms in New Jersey participated in the program and how many workers participated?**

ANSWER: The DBEs and WBEs participating in FHWA's DBE program in New Jersey in FY 1987 and the first quarter of FY 1988 are shown on the attached list. The number of trainees participating in the New Jersey on-the-job-training program as of July 31, 1987, was 75 (33 minorities, 19 women, and 23 white disadvantaged). The number of minorities and women working on Federal-aid highway projects in New Jersey as of July 31, 1987, was 966 (837 minorities, 129 women).

New Jersey DBEs and WBE
FY 1987 and First Quarter FY 1988

Disadvantaged Business Enterprise

Arora & Associates
Aldrich Construction Company
Al Neto Contractors
Acutech
Bar Steel Corporation
Berto Construction
Boggan Bros.
Chilton Engineering
Calvin Gibson Group
Con-El Electric
Consolidated Steel
Carter Contracting
Cal Leon Construction
Cobo & Sendon, Inc.
Collazo Contracting
Cudeyro Construction
District Constructors
Elliott Palmer Paving
Elwood Solomon Landscape
Flair Ridge Construction
Fine Painting & Dec.
Gold Seal Corporation
Hayes Construction
IMS Enigneers
IRS Trucking
Johnson Jones
JWH Contracting Company
J. Freeman Electric
Jo Jo Construction Company
LeRoy Challendar
Landscape Restoration
Lightfoot Detective
Lingsun Construction
Maitra Associates
Mundle & Associates
Mac Miscellaneous Metals
Mathis & Company
MBE Safety
Nustats
Northeast Commonwealth
Nutmeg Pipe
Navka Enterprise
OM Construction
Parisippany Construction
Philan Corporation
Presnell & Associates
Rennsaeler Engineering
Rinstar, Inc.
Rice Mohaw Construction
Scharf - Godrey
Safe International
Sardaland Corpration
Selecto Flash Safety
Samuel Jenkins & Sons
Thompson Paving, Inc.
Urbitran Associates
VEP Associates
VN Engineering
WR Electric
Yellow Pine Sales

Women Business Enterprise

The Allison Company
Alliance Landscape
AF Safety
Anka Painting
C. Rockwell Industries
Denville Line Painting
Elmark Cement
Frascella Electric
Jersey Belle
Jupiter Painting
Minority Safety Equipment Co.
Progressive Painting
Promotech, Inc.
Rail Repairs & Rentals
Solar-Mite Electrical
Susan Bauer Enterprises
Tri-County Asphalt
Universal Steel
Valley Landscape

SENATOR LAUTENBERG: If a State wanted to increase its participation in the program how would it proceed?

ANSWER: Increased participation could be achieved by setting higher goals and monitoring contractors activities to assure goal achievement.

SENATOR LAUTENBERG: What is the demand for program? (number of applications, dollar amount of applications versus actual awards)?

ANSWER: We do not have data which would indicate the total number of firms that applied for certification as DBEs. Moreover, recipients' lists of certified firms undergo constant change as new firms are added and others deleted. A good indication of the demand for the program is reflected in the data provided below which shows the number and dollar value of Federal-aid awards to minority and women-owned firms covering the period from FY 1977 through FY 1988.

MBE-WBE Federal-aid Awards

	MBE		WBE	
FY	Number of Awards	Awards $ Amount	Number of Awards	Awards $ Amount
1977	Not Avail.	71,533,983	Not Avail.	Not Avail.
1978	Not Avail.	126,089,138	Not Avail.	Not Avail.
1979	Not Avail.	163,701,850	Not Avail.	Not Avail.
1980	1,624	248,400,000	338	49,200,000
1981	3,721	355,180,860	1,881	164,900,000
1982	4,127	415,543,120	3,074	237,608,312
1983	6,990	719,740,598	3,962	254,946,868
1984	12,421	1,269,250,000	4,870	295,221,344
1985	13,091	1,278,599,000	6,268	306,818,000
1986	12,233	1,198,397,000	6,520	327,425,000
1987	10,408	1,186,515,000	6,033	339,207,000

BUREAU OF MOTOR CARRIER SAFETY

SENATOR LAUTENBERG: The Commercial Motor Vehicle Safety Act of 1986 required that standards for testing drivers and issuing a Federal license be in effect July 15, 1988. Will you meet that date? What is the status of the agency's efforts?

ANSWER: The FHWA is on schedule implementing the licensing requirements of the Act. Thus far, FHWA has met or exceeded the rulemaking schedule required by the Commercial Motor Vehicle Safety Act of 1986 and is committed to continuing this record.

On June 1, 1987, we published a Final Rule implementing the single license (Section 12002), notification (Section 12003), employer (Section 12004), driver disqualification (Section 12008(a)), and penalty (Section 12012) provisions of the Act. The NPRM on proposed CDL driver testing and licensing standards was published in the **Federal Register** on December 11, 1987, and the final rule for driver testing and licensing standards is due to be published in the **Federal Register** by June 15, 1988 effective by July 15, 1988.

Other activities in support of the license requirements are also well under way. These include:

- Written and skills test materials for proposed testing standards have been completed by the contractor and are now being refined prior to being field tested.
- "Model Legislation" by AAMVA Legal Services subcommittee was reviewed in final draft on 1/06/88 and the revised version is due for distribution to the States later this spring.
- Review and validation of the contractor's final Written and Skills test to be conducted. Projected completion: October 1, 1988.
- Development of methodology process and criteria to determine if State/Foreign testing and licensing meets Federal standards. Projected completion due by October 1, 1988.
- Development of Single License Addendum - The NPRM and Final Rule are due to be published in the **Federal Register** by September 1, 1988.
- Development of CDL Blood Alcohol Content (BAC) Final Rule due to be published by September 27, 1988.

SENATOR LAUTENBERG: What progress has the agency made on establishing a clearinghouse on drivers by January 1, 1989? Briefly state the steps taken to date and further action necessary to implement this provision.

ANSWER: The development of the Commercial Driver's License Information System (CDLIS) is on schedule, and we expect it to begin operating by January 1, 1989.

The CDLIS will serve as a clearinghouse and depository of information pertaining to the licensing and identification of commercial motor vehicle drivers. The CDLIS will prevent the drivers from obtaining more than one license and enable States to alert one another when a State suspends or revokes a license.

FHWA is working with a Steering Committee with representatives from 12 States to oversee the development and implementation of the CDLIS. FHWA and the States have agreed upon the technical specifications for the CDLIS; it will have a central pointer system — similar to the National Driver Register (NDR) — that will be interconnected with all the States. Each State will maintain the complete driver record. The CDLIS and the NDR will be compatible. The main difference between the CDLIS and the NDR is that the Federal government operates and maintains the NDR, but the States will have lead responsibility for the CDLIS.

The State of New York is serving as the lead State for administering a contract for the development and initial operation of the CDLIS. New York released a Request for Proposals last fall. They are completing final negotiations with a contractor, and we expect the contractor to begin work in the next week or so. We expect the contract will be approximately $8.4 million for a 3-year effort. We intend to use a mix of funding, including a portion of the Supplemental Grants and the funds available to the Secretary for the CDLIS, with a provision that user fees collected during its operation under the contract would help offset the Federal participation.

SENATOR LAUTENBERG: How many roadside inspection were conducted by Federal inspectors and by State inspectors under the grant program in fiscal years 1985 through 1987?

ANSWER: In fiscal year (FY) 1985 State inspectors performed 387,060 total inspections. FY 1986 State inspections totaled 561,265, and more than 1 million were performed in FY 1987. As the number of state inspections have increased under the grant program, the federal participation in roadside inspection has decreased. Federal safety specialists conducted 16,046 in 1985 and 10,027 in 1986. In 1987, the only roadside inspections conducted by federal safety specialists were those done during special program roadchecks totaling 775.

SENATOR LAUTENBERG: How many are projected for Fiscal Years 1988 and 1989? (Include the number of vehicles and number of drivers placed out of service.)

ANSWER: States participating in the Motor Carrier Safety Assistance Program are projecting to perform approximately 1.4 million inspections in Fiscal Year (FY) 1988. If rates remain the same as in FY 1987, approximately 504,000 vehicles and 77,000 drivers will be placed out of service. For FY 1989, approximately 1.5 million inspections are projected to be performed, with 540,000 vehicles and 82,500 drivers being placed out of service.

SENATOR LAUTENBERG: Now that roadside inspections are primarily the responsibility of State inspectors, briefly describe the responsibilities of the Federal Safety Specialists.

ANSWER: With the States assuming the important task of roadside inspections, FHWA Motor Carrier Safety Specialists have been able to launch a major effort to make personal contact with all motor carriers of record through safety and compliance reviews.

Motor carrier safety specialists conduct safety and compliance reviews at the principal place of business of motor carriers and shippers to determine their compliance with the Federal Motor Carrier Safety, Hazardous Material, and Commercial Driver License Regulations, and investigate complaints alleging violations of those regulations. If noncompliance is discovered, action is taken to bring about compliance which could include the preparation of an enforcement case report for possible prosecution our Specialists also conduct educational and technical assistance activities to assist carriers and shippers in complying with the applicable regulations, and respond to requests for explanations or interpretations of the regulations, requests for assistance, and to public inquiries. Also, Federal Safety Specialist at the higher grades administer and manage MCSAP.

SENATOR LAUTENBERG: The Administration has requested flexibility in drawing down funds for administering the Commercial Motor Vehicle Safety Act. Why was this request made? What are the costs?

ANSWER: The flexibility in drawing down funds is necessary to provide a mechanism to pay for research activities that will benefit all States participating in the Motor Carrier Safety Assistance Program. During FY 89, $425,000 is earmarked to finance research which would benefit the grants program Nationwide. Other funds will also be taken down to pay for costs of administering the program.

SENATOR LAUTENBERG: What percentage of MCSAP grants funds are used for administrative costs at the national level and at the State level?

ANSWER: One-half of one percent of the MCSAP funding each year since fiscal year 1987 is being set aside by the Office of Motor Carriers (OMC) as an administrative takedown. All funding used in the administration of MCSAP, other than the one-half of one percent, is from the annual motor carrier appropriation funds. There are no available figures as to MCSAP grants funds used for administrative costs by the States.

SENATOR LAUTENBERG: Does FHWA require that a certain share of a States' grant money be used for roadside inspections, safety review and audits, or toward administrative costs?

ANSWER: There is no set percentage required to be spent in each area. The actual percentage is a result of the States' problem identification in its State Enforcement Plan each year. The State, in partnership with the Federal government, can best identify local conditions which result in differences in emphasis. It should be noted, however, that the MCSAP continues to require the primary program emphasis to be on roadside driver-vehicle inspections. It is envisioned that the State programs will expand to include increased safety review and compliance review activities as the MCSAP matures.

BUREAU OF MOTOR CARRIER SAFETY GRANTS

SENATOR LAUTENBERG: List by State the grants received in Fiscal Years 1986 and 1987 including both development and implementation grants.

ANSWER: A list of State of grants awarded in Fiscal Years 1986 and 1987 follows:

STATE	FY 1986	FY 1987
Alabama	$ 50,000	$1,004,189
Arizona	537,370	736,310
Arkansas	219,254	775,261
California	1,346,436	2,058,619
Colorado	470,655	1,547,246
Connecticut	243,106	797,624
Delaware	225,000	271,842
Florida	0	1,749,132
Georgia	408,403	840,050
Hawaii	40,000	151,240
Idaho	689,118	1,436,657
Illinois	1,294,000	2,092,192
Indiana	661,069	1,562,869
Iowa	465,200	384,836
Kansas	376,382	644,317
Kentucky	225,898	1,055,940
Louisiana	223,555	881,008
Maine	225,000	276,559
Maryland	429,819	932,000
Massachusetts	225,000	1,120,719
Michigan	936,003	2,368,931
Minnesota	887,238	1,300,611
Mississippi	50,000	449,187
Missouri	626,534	916,169
Montana	315,000	480,000
Nebraska	50,000	382,620
Nevada	225,000	462,002
New Hampshire	185,820	326,262
New Jersey	50,000	1,812,261
New York	581,920	2,031,614
North Carolina	621,019	1,394,057
North Dakota	224,926	269,092
Ohio	856,045	2,200,000
Oklahoma	50,000	50,000
Oregon	641,904	1,379,898
Pennsylvania	611,996	2,125,680
Rhode Island	40,000	577,187
South Carolina	0	262,106
Tennessee	1,110,522	2,340,780
Texas	0	730,917
Utah	408,093	994,836
Virginia	279,501	846,465
Washington	592,943	1,696,154
West Virginia	104,552	440,000
Wisconsin	310,779	468,221
American Samoa	44,500	190,722
District of Columbia	0	50,000
Guam	50,000	225,000
Puerto Rico	150,000	225,000
Virgin Islands	50,000	49,900
TOTAL	$18,419,560	$47,357,562

SENATOR LAUTENBERG: By State list the number of vehicles and drivers placed out-of-service in Fiscal Years 1985, 1986, and 1987.

ANSWER: The number of vehicles and drivers placed out-of-service are listed by State and year as follows:

State	Vehicle FY '85	Vehicle FY '86	Vehicle FY' 87	Drivers FY '85	Drivers FY '86	Drivers FY '87
Alabama	0	0	16	0	0	270
Arkansas	0	4,258	5,789	0	913	1,383
Arizona	4,602	4,505	4,364	1,405	1,892	2,323
California	1,576	3,737	9,300	0	559	420
Colorado	1,200	326	10,511	339	69	2,790
Connecticut	860	3,527	6,354	0	223	347
Delaware	75	1,090	2,001	16	176	309
Florida	0	0	19	0	0	8
Georgia	5,040	8,078	10,015	2,497	4,646	2,848
Hawaii	0	0	111	0	0	7
Iowa	3,886	7,580	9,842	2,844	2,049	2,259
Idaho	786	2,450	2,934	136	687	767
Illinois	10,208	10,940	13,284	2,541	2,695	3,721
Indiana	4,507	5,704	17,124	806	1,066	2,148
Kansas	267	3,642	6,789	80	372	620
Kentucky	0	11,711	35,578	0	234	937
Louisiana	0	149	3,583	0	87	824
Massachusetts	0	153	4,005	0	49	1,576
Maryland	333	2,403	2,921	31	270	586
Maine	0	1,801	3,291	0	218	99
Michigan	10,932	12,595	16,287	361	792	1,076
Minnesota	4,592	6,080	7,540	206	254	406
Missouri	13,780	24,848	20,899	1,497	6,312	4,729
Mississippi	0	0	693	0	0	260
Montana	861	1,802	1,483	426	377	253
North Carolina	4,896	10,374	19,321	578	822	1,838
North Dakota	2,283	2,525	2,085	186	2,022	393
Nebraska	0	0	831	0	0	142
New Hampshire	287	534	1,121	129	150	241
New Jersey	0	0	10,251	0	0	2
Nevada	1,076	1,073	2,694	676	938	343
New York	0	not reported	6,685	0	not reported	646
Ohio	3,766	10,878	13,703	2,654	4,658	3,376
Oregon	3,911	8,515	9,320	266	482	383
Pennsylvania	0	4,971	18,963	0	987	4,852
Rhode Island	0	0	1,574	0	0	280
South Carolina	0	0	3,236	0	0	596
Tennessee	20,348	39,120	43,084	4,536	6,500	6,026
Texas	0	0	0	0	0	0
Utah	470	2,822	3,287	23	164	145
Virginia	0	1,137	2,236	0	58	605
Washington	3,671	6,679	11,447	80	232	251
Wisconsin	2,203	3,116	4,138	1,029	1,393	2,076
West Virginia	25	4,749	4,922	277	748	987
American Samoa	0	0	144	0	0	0
Puerto Rico	0	150	946	0	27	381
TOTALS	(106,461)	(214,022)	(354,721)	(23,619)	(43,131)	(54,583)

SENATOR LAUTENBERG: In addition to the numbers of out-of-service, what is the percentage of vehicles and drivers placed out-of-service as a result of roadside inspections? (List by State for Fiscal Years 1985, 1986, and 1987.)

ANSWER: The percentage of vehicles and drivers placed out-of-service compared to the total number of inspections is listed below by State and by year.

State	Vehicle Out-of-Service Percentage			Driver Out-of-Service Percentage		
	FY '85	FY '86	FY '87	FY '85	FY '86	FY '87
Alabama	0	0	.3	0	0	5.4
Arkansas	0	36.2	22.1	0	7.8	5.3
Arizona	42.8	47.4	19.3	13.1	19.9	10.3
California	21.1	18.1	29.6	0	2.7	1.3
Colorado	20.3	31.2	33.2	5.7	6.6	8.8
Connecticut	52.1	63.5	58.7	0	4.2	3.2
Delaware	54.0	60.2	51.5	11.5	9.7	8.0
Florida	0	0	27.1	0	0	11.4
Georgia	47.0	49.3	55.1	23.3	28.3	15.7
Hawaii	0	0	17.2	0	0	1.1
Iowa	21.7	42.8	46.2	15.9	11.6	10.6
Idaho	33.5	27.2	25/1	5.8	7.6	6.6
Illinois	18.2	20.2	18.8	4.5	5.0	5.3
Indiana	37.7	42.8	47.5	6.7	8.0	6.0
Kansas	44.8	68.9	60.4	13.4	7.0	5.5
Kentucky	0	49.6	60.1	0	1.0	1.6
Louisiana	0	6.3	30.8	0	3.7	7.1
Massachusetts	0	3.6	31.3	0	1.2	12.3
Maryland	30.1	51.7	46.5	2.8	11.2	9.3
Maine	0	70.2	76.9	0	8.5	2.3
Michigan	25.6	29.8	27.3	.8	1.9	1.8
Minnesota	18.7	24.1	23.7	.8	1.0	1.3
Missouri	52.6	55.8	51.5	5.7	14.2	11.7
Mississippi	0	0	19.4	0	0	7.3
Montana	20.6	43.5	41.5	10.2	9.1	7.1
North Carolina	39.0	42.1	37.4	4.6	3.3	3.6
North Dakota	37.3	35.3	36.4	3.0	28.3	6.9
Nebraska	0	0	60.6	0	0	10.3
New Hampshire	6.8	10.0	29.8	3.1	2.8	6.4
New Jersey	0	0	33.2	0	0	0
Nevada	11.4	12.3	29.7	7.2	10.8	3.8
New York	0	not reported	31.8	0	not reported	3.1
Ohio	8.7	19.0	22.4	6.1	8.1	5.5
Oregon	32.8	53.8	59.7	2.2	.3	2.5
Pennsylvania	0	37.1	42.1	0	7.4	10.8
Rhode Island	0	0	53.7	0	0	9.6
South Carolina	0	0	47.3	0	0	8.7
Tennessee	49.9	71.8	48.3	22.3	11.9	6.8
Texas	0	0	0	0	0	0
Utah	19.1	50.0	45.4	1.0	2.9	2.0
Virginia	0	38.0	60.3	0	1.9	16.3
Washington	40.7	43.5	45.6	.9	1.5	1.0
Wisconsin	59.1	48.3	39.0	27.6	21.6	19.6
West Virginia	1.3	47.7	38.7	7.9	7.5	7.8
American Samoa	0	0	56.9	0	0	0
Puerto Rico	0	91.5	81.2	0	16.5	32.7

SENATOR LAUTENBERG: The Inspector General found that the out-of-service per inspections rate varied greatly by State. Why was this?

ANSWER: Many factors affect a State's out-of-service rate. For example, a State's selection process can impact the rate. Some States use a random method for selection, while others encourage their inspectors to take the worst vehicle from the traffic flow. Expertise of the inspectors is another important factor. Personnel in States just entering into implementation may be in need of training, both on-the-job and formal. Out-of-Service rates will tend to be low. As these individuals become better trained, their proficiency increases. This lends itself to driver-vehicle inspections of a higher quality and often times an increase in the out-of-service rates. Other factors affecting the rates are the type of traffic, times of day inspections are primarily performed, and availability of suitable inspection locations.

SENATOR LAUTENBERG: Is the Department using out-of-service rates for evaluating a State's program?

ANSWER: The Department has begun to require that each State perform random checks at least once each quarter with a view towards using the resultant information as a benchmark for analysis of actual out-of-service rates. FHWA exercises a certain degree of caution in the use of out-of-service rates as a primary evaluative tool recognizing that a number of factors, some controllable, others not, affect the validity of the rates.

SENATOR LAUTENBERG: What indicators does the Department use to measure the effectiveness of the grant program?

ANSWER: The Department uses a number of factors to measure MCSAP effectiveness. Inspection statistics which indicate major increases of vehicles and drivers checked throughout the short history of the program represent one factor. In addition, results of those inspections in removing potentially unsafe drivers and vehicles from the Nation's highways are used as a measure. In FY 1987, FHWA conducted a massive review of the 1986 National MCSAP to assure that funds were being expended in the manner intended and that accountability was being maintained. Program adherence to requirements, guidelines, and procedures were also examined with applicable recommendations being made. OMC is presently in the process of developing structured review guidelines for the future. Finally, the State of Kentucky is handling a contract to develop an accident module for SAFETYNET, the management information sharing system for MCSAP. It is anticipated that in the future this module will serve as an evaluative tool.

SENATOR LAUTENBERG: Has the Department achieved the goal of achieving at least 25 percent vehicle inspections during off-peak hours?

ANSWER: The National Review of the FY 1986 MCSAP disclosed that most States were in fact achieving the goal of 25 percent of the inspections occurring during off-peak hours. In those instances where this was not the case, recommendations were made to State MCSAP management to address the issue. OMC continually stresses adherence to the requirement through MCSAP conferences, pre-planning meetings, and on-going program monitoring.

SAFETYNET

SENATOR LAUTENBERG: What is the status of SAFETYNET?

ANSWER: SAFETYNET is an automated database management system in support of the MCSAP program designed to monitor the safety performance of interstate and intrastate commercial motor carriers. Ultimately, it will consist of eight modules designed for conducting comprehensive analyses of motor carrier driver-vehicle inspection data, accident data, safety review results, enforcement actions and driver related data. The entire system is expected to be available in three to five years. Currently, the vehicle-driver inspection module has been successfully installed in 33 of the 48 States now in the MCSAP and all of these have been or will soon be inputting data and transmitting them to FHWA. The module that will allow State SAFETYNET data to be integrated with the accident data submitted by carriers and safety review results that are collected by Federal inspectors will be available this summer. The module that will allow States to identify the occurrence of a truck related accident so that carrier submission of the accident characteristics can be monitored will be available shortly thereafter.

SENATOR LAUTENBERG: Is SAFETYNET sufficiently in place so that it may be used to do analysis of MCSAP inspections, and accident and audit data?

ANSWER: MCSAP inspection data are now being uploaded to FHWA. Uploaded inspection information is available now for analysis. Inspection information which includes the Federal census number will be integrated into the Motor Carrier Management Information System and combined with carrier reported accident data and the results of Federal inspectors' safety reviews so that carrier safety profiles may be generated. This capability will be significantly enhanced when the accident module that is now under development is available later this summer. Further enhancements will result with the availability of the safety review module in 1989. Currently the top priority is to provide technical support to the States that are still in the process of bringing up the SAFETYNET Inspection module. Once all the States are up and comfortable with the inspection module and the general operation of the SAFETYNET system, adding new modules to the system should become much easier.

SENATOR LAUTENBERG: How much has been spent to date on the development of SAFETYNET?

ANSWER: The following describes how much has been spent and in what areas for the development of SAFETYNET:

Inspection Module	- $326,020 (FY 84 - $180,000, FY 85 - $109,047, FY 86 - $ 36,973)
Accident Module	- $195,296 (FY 87)
Technical Support (6 mos.)	- $49,500 (FY 87)

Census Module	- $250,000	(FY 87 - $ 40,000, FY 88 - $210,000, MCSAP funding thru State of Washington)
Local Area Network	- $135,000	(FY 88, MCSAP funding thru State of Kentucky)
Total-	$955,816	

Recap	FY 84 - $180,000	
	FY 85 - $109,047	
	FY 86 - $ 36,973	
	FY 87 - $244,796	
	FY 87 - $ 40,000	(MCSAP)
	FY 88 - $345,000	(MCSAP)
Total	$955,816	

SENATOR LAUTENBERG: What is the expected expenditure on SAFETYNET for fiscal years 1988 and 1989?

ANSWER: The following describes how much will be spent in FY 88 and FY 89:

Technical Support (3/88-3/91)	- $300,000	(FY 88)
Accident Reporting System Augmentation	- $425,000	(FY 88)
Report Generation Module, Message and File Transfer Module, and Safety/Compliance Review	- $265,000	(FY 88)
	- $335,000	(FY 89)
Total	- $1,325,000	

SENATOR LAUTENBERG: When does FHWA expect that SAFETYNET will be up and running with all 50 States participating?

ANSWER: Forty-eight of the 50 States are participating in MCSAP. We expect the remaining two States (South Dakota, Wyoming) to become participants during FY 89. Of the 48 MCSAP States, 33 are now in the implementation stage of SAFETYNET. The other 18 States are in various stages of development, e.g., awaiting state approval, awaiting delivery of equipment, developing other software, in process of installation, etc. We expect all of the 48 current MCSAP States to be participating in SAFETYNET in early calendar year 1989.

BMCS EMPLOYMENT

SENATOR LAUTENBERG: For the record, update the charts on pages 592, 593, and 594 of Senate Hearings 100-354, Part 1, regarding BMCS employment.

ANSWER: The following charts show the on-board staffing of the Federal Highway Administration's Office of Motor Carriers as of March 1, 1988. The first is a summary of total employment at all organizational levels; the remainder show employment by Region and State. Safety specialist "trainees" are included in the figures for safety specialists.

BMCS EMPLOYMENT
As of 3/1/88

	Admin/Program	Safety Specialists	Clerical	Total
Headquarters	53	0	17	70
Regions	28	0	10	38
Divisions	51	212	49	312
Total	132	212	76	420

	Officers In Charge	Safety Specialists	Clerical	Total
Region 1				
Connecticut	0	2	0	2
Maine	1	2	0	3
Massachusetts	1	6	1	8
New Hampshire	1	0	1	2
New Jersey	1	6	2	9
New York	1	16	1	18
Puerto Rico	1	0	0	1
Rhode Island	1	0	0	1
Vermont	1	4	1	6
Totals	8	36	6	50
Region 3				
Delaware	1	1	0	2
D.C.	1	0	0	1
Maryland	1	4	0	5
Pennsylvania	1	12	2	15
West Virginia	1	1	1	3
Virginia	1	4	1	6
Totals	6	22	4	32
Region 4				
Alabama	1	4	2	7
Florida	1	6	3	10
Georgia	1	5	1	7
Kentucky	1	5	0	6
Mississippi	1	3	0	4
North Carolina	1	5	1	7
South Carolina	1	2	0	3
Tennessee	1	5	1	7
Totals	8	35	8	51

	Officers In Charge	Safety Specialists	Clerical	Total
Region 5				
Illinois	1	10	2	13
Indiana	1	5	0	6
Michigan	1	6	1	8
Minnesota	1	5	1	7
Ohio	1	8	1	10
Wisconsin	1	8	1	10
Totals	6	42	6	54
Region 6				
Arkansas	1	4	1	6
Louisiana	1	1	2	4
New Mexico	1	1	0	2
Oklahoma	1	3	0	4
Texas	1	13	3	17
Totals	5	22	6	33
Region 7				
Iowa	1	5	1	7
Kansas	1	5	1	7
Missouri	1	5	1	7
Nebraska	1	3	1	5
Totals	4	18	4	26
Region 8				
Colorado	1	3	1	5
Montana	1	2	1	4
North Dakota	1	1	1	3
South Dakota	1	1	1	3
Utah	1	2	1	4
Wyoming	1	3	1	5
Totals	6	12	6	24
Region 9				
Arizona	1	2	0	3
California	1	11	2	14
Hawaii	1	0	0	1
Nevada	1	0	0	1
Totals	4	13	2	19

	Officers In Charge	Safety Specialists	Clerical	Total
Region 10				
Alaska	1	0	1	2
Idaho	1	3	2	6
Oregon	1	3	2	6
Washington	1	6	2	9
Totals	4	12	7	23
All Divisions				
	51	212	49	312

SENATOR LAUTENBERG: List by State the number of safety inspectors supported by the Motor Carrier Safety Grant Program?

ANSWER: The following is a breakdown of safety inspectors by State for FY 1988.

Alabama	33
Alaska	*
Arizona	19
Arkansas	20
California	43
Colorado	43
Connecticut	17
Delaware	4
Florida	59
Georgia	34
Hawaii	12
Idaho	24
Illinois	408
Indiana	87
Iowa	91
Kansas	21
Kentucky	125
Louisiana	29
Maine	13
Maryland	41
Massachusetts	21
Michigan	140
Minnesota	70
Mississippi	27
Missouri	206
Montana	225
Nebraska	46
Nevada	47
New Hampshire	5
New Jersey	43
New Mexico	*
New York	52
North Carolina	52
North Dakota	14
Ohio	58

Oklahoma	41
Oregon	88
Pennsylvania	117
Rhode Island	9
South Carolina	20
South Dakota	**
Tennessee	84
Texas	215
Utah	28
Vermont	**
Virginia	17
Washington	32
West Virginia	23
Wisconsin	29
Wyoming	**
American Samoa	2
District of Columbia	**
Guam	3
Northern Marianas	**
Puerto Rico	15
Virgin Islands	*
TOTAL	2,852

* - In development grant status - not performing inspections.
** - Not participating in the MCSAP.

SENATOR LAUTENBERG: Are these full-time safety inspectors or do they also have other responsibilities (like State Highway Patrolman)?

ANSWER: Of the 2,852 safety inspectors, 788 are dedicated full time to the Motor Carrier Safety Assistance Program and 2,024 are used on a part-time basis.

SENATOR LAUTENBERG: A total of $60 million is authorized for the Motor Carrier Safety Grant Program for Fiscal Year 1989. There are, however, takedowns and earmarks from this level. Provided a breakdown on the uses of the $60 million.

ANSWER: The Commercial Motor Carrier Safety Act of 1986, P.L. 99-570 authorized $60 million for FY 1989. Of this amount, current law directs a $13 million takedown for the Commercial Drivers License Program and permits FHWA to use up to 1/2 of one percent of the $60 million for program administration.

Our FY 1989 budget proposes to change the 1/2 of one percent to: (1) such sums as may be necessary; (2) make this takedown eligible for administration and research; and (3) make the Commercial Drivers License program subject to this takedown. The FY 1989 budget also would specifically permit us to utilize $425 thousand of this takedown to finance research in the Motor Carrier Safety account.

SENATOR LAUTENBERG: Provide for the record updated motor carrier statistics similar to those found on pages 598, 599, 600, 601, and the top of 602 of Senate Hearing 100-354, Part 1.

ANSWER: In the Spring of 1986, the Congress approved the request of the Secretary of Transportation to reprogram funds to hire an additional 150 safety specialists to allow us to give more attention to the compliance of interstate motor carriers with Federal safety regulations. The last class of safety specialists trainees completed the 5-week academy type class on July 2, 1987, therefore, the entire complement of 150 was only in the field administering the Federal safety regulations for a portion of Fiscal Year 1987. After the new enforcement personnel completed their initial training, each individual was assigned to work with a an experienced safety specialist. Developmental training for these specialists is still on going. Each motor carrier is assigned a safety rating of "satisfactory," "conditional" or "unsatisfactory" from the results of the safety or compliance review. The Federal Highway Administration's Office of Motor Carriers currently has a complement of approximately 275 general safety specialists.

The ratios of general safety specialists to: (1) motor carrier entities, (2) shippers of hazardous materials, and (3) truck drivers, is shown in the following table.

	Fiscal Year			
	1984	1985	1986	1987
Total carriers..............	208,400	212,000	220,000	190,000*
Total H/M shippers..........	20,000	21,000	22,000	30,000
Total entities.........	224,000	233,000	242,000	220,000
Safety specialists and safety specialist trainees	138	132	138	300
Ratio staff to entities.....	1:1,655	1:1,765	1:1,754	1:733
Ratio staff to drivers.....	1:32,609	1:34,091	1:32,609	1:15,000

*Decrease is result of a purge of the census of motor carriers following reports from field staff of carriers no longer in business.

WORKLOAD DATA

	Fiscal Year							
	1980	1981	1982	1983	1984	1985	1986	1987
Number of driver/vehicle inspections	31,875	40,747	35,825	26,015	22,590	16,046	10,027	910
Number of safety audits/reviews	7,093	9,640	12,095	11,666	13,037	10,492	6,637	23,714
Number of investigations	1,424	1,885	1,570	1,511	1,731	2,316	2,590	885*
Number of enforcement cases prosecuted and closed	402	417	322	461	474	739	529	568
Amount of fines collected	1,195,848	1,138,700	711,802	447,731	795,805	788,916	1,877,300	2,028,615

* Beginning in FY 1987, investigations without evidence are included in safety audits/reviews.

FEDERAL HIGHWAY ADMINISTRATION, PRINCIPAL WORK ACTIVITIES IN MOTOR CARRIER SAFETY PROGRAM

	1984	1985	1986	1987
Safety Management Activities:				
Safety management audits at carrier facility	4,555	3,690	2,605	19,313
Safety management audit, hazardous material carriers	2,706	2,224	1,205	4,012
Safety management audits, hazardous materials shippers	2,520	1,916	897	389
Hazardous material incident investigation	149	141	91	30
Cargo tank manufacturer's audit(1)	3	18	18	10
Financial responsibility audit(1)	1,743	2,644	1,912	3,617
Roadside driver/equipment examination truck	20,990	4,827	6,365	837
Out-of-service vehicle	6,064	5,384	3,011	273
Roadside driver/equipment examination bus	1,600	1,174	3,662	73
Out-of-service bus	101	109	295	2
Out-of-service (truck and bus drivers)	2,517	1,804	969	100
Enforcement Activities:				
Case reports	1,368	1,881	2,590	885
Civil forfeiture proceedings	474	739	529	568
Investigation of carrier accidents:				
Accidents investigation	85	32	39	27
Carrier accident reports review	36,854	39,273	26,176	25,000(est.)
Hazardous material incident report review		4,307		
Motor Carrier Safety Assistance Program:				
State and local technical assistance (contacts)		3,753	4,360	3,409
State and local training presented (sessions)		283	357	255
State and local monitoring/evaluation (contacts)		862	2,486	1,198
Technical Assistance and Safety Education:				
Safety or hazardous material meetings attended		553	482	566
Program assistance (contacts)		1,525	1,476	843
Training presented (sessions)		131	175	106

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(1) Work items added to program.

TRUCK ACCIDENTS REPORTED TO THE OFFICE OF MOTOR CARRIERS 1974 THROUGH SEPTEMBER 1987

(The following statistics may vary slightly from previously reported statistics due to refinements in the data)

Calendar year	Fatal accidents	Fatalities	Injury accidents	Injuries	Property damage only	Total accidents	Property damage (Dollars)
1974	1,956	2,429	16,050	26,911	7,353	25,359	151,777,000
1975	1,753	2,232	15,492	26,374	7,029	24,274	158,173,460
1976	1,971	2,520	16,144	26,794	7,552	25,667	183,703,280
1977	2,286	2,878	18,168	31,006	9,482	29,936	244,181,248
1978	2,441	2,998	19,830	32,757	11,727	33,998	300,320,829
1979	2,528	3,072	19,605	32,126	13,407	35,540	346,393,096
1980	2,058	2,528	16,959	27,149	12,371	31,388	311,191,496
1981	2,191	2,810	17,062	28,533	13,053	32,306	355,106,109
1982	1,978	2,456	16,354	26,117	13,945	32,277	325,449,286
1983	2,031	2,528	16,022	26,692	13,575	31,628	342,939,906
1984	2,195	2,721	17,792	29,149	16,866	36,853	404,113,087
1985	2,161	2,646	18,135	28,988	18,977	39,273	393,815,664
1986	2,098	2,609	15,056	25,092	9,022	26,176	326,380,922
1987 (Thru Sept. Only)	1,581	1,940	10,670	18,645	6,052	18,303	246,100,705

ADJUSTED TRUCK ACCIDENT STATISTICS 1974 THROUGH SEPTEMBER 1987

Effective in 1986, the minimum reporting threshold for property damage accidents was increased from $2,000 to $4,200 to more accurately account for the effects of inflation. This has obviously caused a dramatic and apparent decrease in accident counts from 1985 to 1986. Therefore, the Office of Motor Carriers has applied an adjustment factor equivalent to an approximate GNP deflator to property damage accident counts and property damage value for the years 1976 through 1987. The following table refects the adjusted property damage only and total accident counts and the adjusted total dollar value of property damage in 1975 dollars as well as providing the adjusted property damage limit; all other columns remain unchanged.

Calendar year	Fatal accidents	Fatalities	Injury accidents	Injuries	Property damage only	Total accidents	Property damage (1975 Dollars)	Property damage limit (Dollars)
1974	1,956	2,429	16,050	26,911	7,353	25,359	151,777,000	2,000
1975	1,753	2,232	15,492	26,374	7,029	24,274	158,173,460	2,000
1976	1,971	2,520	16,144	26,794	6,577	24,692	169,003,177	2,151
1977	2,286	2,878	18,168	31,006	7,944	28,398	204,870,182	2,354
1978	2,441	2,998	19,830	32,757	9,806	32,077	239,131,123	2,478
1979	2,528	3,072	19,605	32,126	10,189	32,322	258,576,960	2,624
1980	2,058	2,528	16,959	27,149	9,203	28,220	215,568,060	2,820
1981	2,191	2,810	17,062	28,533	8,519	27,772	224,516,863	3,065
1982	1,978	2,456	16,354	26,117	8,669	27,001	186,469,333	3,350
1983	2,031	2,528	16,022	26,692	7,979	26,032	178,547,952	3,675
1984	2,195	2,721	17,792	29,149	9,592	29,579	197,381,897	3,897
1985	2,161	2,646	18,135	28,988	8,772	29,068	180,994,315	4,047
1986	2,098	2,609	15,056	25,092	7,754	26,176	153,777,930	4,200
1987 (Thru Sept. Only)	1,581	1,940	10,670	18,645	5,251	17,502	123,050,353	4,200

3/11/88

NOTE: The above information includes the data which were previously reported separately in the tables on page 600 of last year's Senate hearing report.

We do not yet have sound estimates for 1987. We have updated the 1986 estimates previously provided based on more complete data for that year.

	1982	1983	1984	1985	1986
Accidents per million miles	1.25	1.15	1.22	1.36	1.01
Fatalities per 100 million miles.	9.81	9.16	8.22	7.76	6.09
Injuries per million miles	0.70	0.66	0.68	0.66	0.58

Accident counts maintained by the Office of Motor Carrier include reported accidents that result in the death or injury of a person, or total damage to all property exceeding a certain limit. Prior to 1986 this limit was $2000 and for 1986 it was raised to $4200. If this limit had been in effect in 1985, 8,300 of 36,854 reportable accidents would not have been reportable. This accounts for the apparent decrease from 1985 to 1986. The above statistics may vary slightly from those previously reported due to refinements in the data.

RAIL HIGHWAY CROSSINGS, HAZARD ELIMINATION

SENATOR LAUTENBERG: Update the data found on pages 605 and 606 of Senate Hearings 100-354, Part I on the Rail-Highway Crossings program and the Hazard-Elimination program for fiscal years 1987 and 1988.

ANSWER: Tables showing the apportionments and obligations for these programs for fiscal years 1984 through 1988 follows:

RAIL HIGHWAY CROSSINGS (AS OF FEBRUARY 29, 1988)

STATE	APPORTIONMENTS FY 1984-1988	OBLIGATIONS FY 1984-1988
ALABAMA	17,656,957	14,715,390
ALASKA	13,538,927	12,182,634
ARIZONA	8,550,829	7,059,333
ARKANSAS	13,229,276	13,269,785
CALIFORNIA	55,458,240	25,440,809
COLORADO	11,925,182	10,699,868
CONNECTICUT	5,624,365	6,110,382
DELAWARE	2,735,713	2,441,022
FLORIDA	26,628,211	24,654,784
GEORGIA	24,831,471	17,221,457
HAWAII	2,186,911	0
IDAHO	8,046,684	6,942,438
ILLINOIS	44,934,880	41,392,564
INDIANA	29,042,346	28,475,006
IOWA	21,569,929	21,918,912
KANSAS	26,270,401	21,362,217
KENTUCKY	14,634,790	13,289,676
LOUISIANA	17,335,998	7,208,882
MAINE	5,167,213	3,328,804
MARYLAND	8,357,377	7,610,628
MASSACHUSETTS	10,856,474	6,199,087
MICHIGAN	31,242,621	26,714,931
MINNESOTA	23,038,995	31,189,506
MISSISSIPPI	12,547,140	14,834,768
MISSOURI	22,967,452	22,681,799
MONTANA	9,241,079	6,945,408
NEBRASKA	15,356,039	13,813,202
NEVADA	4,432,572	3,451,795
NEW HAMPSHIRE	3,574,874	3,287,971
NEW JERSEY	14,894,469	14,978,229
NEW MEXICO	6,471,722	5,433,769
NEW YORK	34,539,469	18,304,646
NORTH CAROLINA	21,937,240	6,081,174
NORTH DAKOTA	15,457,803	8,392,738
OHIO	36,749,297	21,227,526
OKLAHOMA	17,967,529	12,231,723
OREGON	11,991,183	9,684,190
PENNSYLVANIA	32,519,120	40,244,895
RHODE ISLAND	2,458,793	2,137,635
SOUTH CAROLINA	14,815,763	10,548,540
SOUTH DAKOTA	9,620,511	7,759,246
TENNESSEE	17,397,665	7,568,173
TEXAS	58,668,386	65,979,971
UTAH	6,716,142	5,428,027
VERMONT	3,462,510	1,894,753
VIRGINIA	15,032,544	8,809,922
WASHINGTON	16,216,626	16,808,713
WEST VIRGINIA	9,174,770	8,819,060
WISCONSIN	22,058,737	26,093,693
WYOMING	5,034,551	4,375,090
DIST. OF COL.	1,207,934	(98,077)
PUERTO RICO	4,194,062	0
AMERICAN SAMOA	0	0
GUAM	0	0
N. MARIANAS	0	0
VIRGIN ISLANDS	0	0
TOTAL	869,561,780	716,969,253

HAZARD ELIMINATION PROGRAM (AS OF FEBRUARY 29, 1988)

STATE	APPORTIONMENTS FY 1984-1988	OBLIGATIONS FY 1984-1988
ALABAMA	16,372,158	16,089,955
ALASKA	4,593,430	10,626,062
ARIZONA	12,330,083	8,433,614
ARKANSAS	11,080,822	8,028,983
CALIFORNIA	78,909,408	90,139,167
COLORADO	12,000,721	9,956,176
CONNECTICUT	10,172,926	8,590,407
DELAWARE	4,593,430	5,192,095
FLORIDA	33,930,975	37,402,956
GEORGIA	21,974,544	19,127,518
HAWAII	4,593,430	6,133,086
IDAHO	6,724,525	8,392,867
ILLINOIS	41,006,918	41,680,559
INDIANA	21,248,653	21,848,436
IOWA	14,941,484	15,390,847
KANSAS	14,490,800	13,186,172
KENTUCKY	14,636,041	16,793,324
LOUISIANA	15,571,808	11,949,317
MAINE	4,593,430	4,493,251
MARYLAND	13,852,626	9,927,004
MASSACHUSETTS	18,646,146	14,465,501
MICHIGAN	33,722,253	31,840,412
MINNESOTA	19,147,776	20,185,811
MISSISSIPPI	11,437,602	10,655,002
MISSOURI	21,151,794	18,898,709
MONTANA	6,402,941	7,800,387
NEBRASKA	9,858,453	5,691,180
NEVADA	4,856,262	3,838,084
NEW HAMPSHIRE	4,593,430	3,427,932
NEW JERSEY	23,389,619	18,006,791
NEW MEXICO	6,886,588	7,495,248
NEW YORK	57,438,739	56,391,960
NORTH CAROLINA	22,467,088	29,730,046
NORTH DAKOTA	6,844,202	8,378,021
OHIO	37,911,232	19,041,875
OKLAHOMA	15,151,411	14,282,774
OREGON	14,539,502	20,993,724
PENNSYLVANIA	41,197,962	37,759,136
RHODE ISLAND	4,593,430	2,825,450
SOUTH CAROLINA	12,726,310	9,132,918
SOUTH DAKOTA	6,228,051	5,302,119
TENNESSEE	18,188,005	22,322,180
TEXAS	57,444,078	65,208,576
UTAH	6,972,238	5,221,248
VERMONT	4,593,430	2,646,377
VIRGINIA	19,321,056	17,162,313
WASHINGTON	16,766,385	15,844,007
WEST VIRGINIA	7,682,683	7,298,604
WISCONSIN	19,928,652	20,386,414
WYOMING	4,593,430	3,119,764
DIST. OF COL.	4,593,430	5,147,241
PUERTO RICO	9,825,950	11,902,685
AMERICAN SAMOA	2,791,715	1,493,515
GUAM	2,791,715	925,000
N. MARIANAS	2,791,715	1,144,783
VIRGIN ISLANDS	2,791,715	1,107,983
TOTAL	918,686,000	890,455,644

FEDERAL SHARE OF PROJECTS

SENATOR LAUTENBERG: The Administration has requested bill language which would make the Federal share of projects 80 percent (except for Section 125, Title 23, U.S.C. projects). Why was this language requested? What projects would this affect?

ANSWER: State or local participation in the funding of projects encourages more responsible decision-making in determining the necessity for and the scope of projects. When the Federal funding is set at 100 percent there is no incentive for the States or locals to economize. Also, a State with 100 percent Federal funding for a "demonstration" project has a significant advantage over another State that may want a similar project but, because there is no special funding authorized, has to fund the project out of its regular program funds (eg, primary, secondary) at a 75 percent Federal share. By lowering the 100 percent Federal share to 80 percent, this situation would be made more equitable.

The projects affected are as follows:

Territorial Highways
Alaska Highway
Los Angeles Freight Transshipment Demo. (California)
State of Art Construction Demo. (Pennsylvania)
Highway Safety & Econ. Dev. Demo. (Mississippi)
Airport Access Demo. Project (California)
Highway Safety Improvement Demo. (Michigan)
Highway Rail. Grade Crossing Saf. Demo. (New York)
Nuclear Waste Transp. Saf. Demo. (New Mexico)
Theo. Roosevelt Bridge Improvement (Virginia/DC)
Airport Access Highway Demo. (Louisiana)
Vehicular & Pedestrian Safety Demo. (Massachusetts)
Corridor Safety Demo. (New Jersey)
Bridge Capacity Improvement Demo. (New Hampshire)
Expressway Gap Closing Demo. Proj. (California)
Waste Isolation Pilot Project Roads (New Mexico)
Highway Widening Demo. (Mississippi)
Auto-Pedestrian Safety Separation Demo. (North Dakota)
Rail-Line Consolidation Demo. (Texas)
Airport Highway Demo. Project (Oklahoma)
Highway Safety Separation Demo. (Michigan)

It is not the intent of this provision to reduce the Federal share of those projects which are solely the responsibility of the Federal government. This would include Forest Highways, Public Lands Highways, Parkways and Park Highways, Indian Reservation Roads, Union Station and the Woodrow Wilson Bridge.

SENATOR LAUTENBERG: List the Federal Aid Highway projects and the Federal share for each.

ANSWER: Following is a list of the major Federal-Aid Highway program categories, and the corresponding Federal share for each:

Program Category	Federal Share
Interstate Construction	90%
Interstate 4R	90%
Interstate Substitution	85%
Consolidated Primary	75%
Rural Secondary	75%
Urban	75%
Bridge Replacement	80%
Hazard Elimination	90%
Rail-Highway Crossings	90%
Territorial Highways	100%
Federal Lands	
Forest Highways	100%
Indian Reservation Roads	100%
Parkways & Parkroads	100%
Public Lands	100%

MINIMUM ALLOCATION

SENATOR LAUTENBERG: Provide the estimated amount of "minimum apportionment" available to each State in fiscal year 1989, (under current law under the Administration's proposal)?

ANSWER: Based on data available through February 29, 1988, the estimated fiscal year 1989 minimum allocation amount available to each State is as follows:

STATE	ESTIMATED AMOUNT ($ 000'S)
ARKANSAS	30,624
CALIFORNIA	56,232
FLORIDA	67,544
GEORGIA	82,123
INDIANA	109,188
KENTUCKY	2,456
MICHIGAN	68,352
MISSISSIPPI	25,989
MISSOURI	48,735
NORTH CAROLINA	99,637
OHIO	139,838
OKLAHOMA	73,414
OREGON	10,519
TENNESSEE	53,196
TEXAS	366,499
WISCONSIN	62,863
TOTAL	1,297,209

SENATOR LAUTENBERG: For the record provide the amount of minimum apportionment provided each State for the past three fiscal years.

ANSWER: The minimum allocation apportionment by State for FY 1986 thru FY 1988 is shown below:

STATE	FY 1986	FY 1987	FY 1988
ARIZONA	0	14,341,875	9,986,271
ARKANSAS	8,476,969	14,935,596	14,442,230
CALIFORNIA	111,315,602	69,116,463	71,490,780
FLORIDA	0	29,641,331	22,763,026
GEORGIA	0	26,404,866	38,214,530
ILLINOIS	23,482,187	0	0
INDIANA	61,507,143	58,008,232	77,349,223
KENTUCKY	0	1,568,422	0
MICHIGAN	0	29,004,463	28,828,078
MISSISSIPPI	0	4,477,485	9,580,936
MISSOURI	414,479	15,147,743	10,763,223
NORTH CAROLINA	59,467,018	57,979,383	67,456,375
OHIO	82,353,961	63,643,589	81,682,478
OKLAHOMA	41,030,064	44,505,296	50,806,549
SOUTH CAROLINA	8,336,146	26,552,808	13,273,511
TENNESSEE	0	13,767,065	13,553,331
TEXAS	188,328,513	223,602,263	253,931,521
VIRGINIA	0	0	6,794,865
WISCONSIN	33,762,729	32,563,159	32,973,588
TOTAL	618,474,811	725,260,039	803,890,515

SENATOR LAUTENBERG: List by State the amount of unobligated minimum apportionment funds at the end of fiscal year 1988.

ANSWER: It is very difficult to estimate the unobligated balance on a State-by-State basis since each State determines the use of its funds. Using projected total obligations outside the obligation ceiling together with the unobligated balances as of February 29, 1988, we estimate the unobligated balance of minimum allocation funds at the end of fiscal year 1988, by state, as follows:

STATE	ESTIMATED UNOBLIGATED BALANCE 9-30-88 ($000's)
ARIZONA	11,949
ARKANSAS	3,920
CALIFORNIA	87,886
FLORIDA	21,195

GEORGIA	6,751
ILLINOIS	4,751
INDIANA	43,864
KENTUCKY	749
MICHIGAN	18,466
MISSISSIPPI	4,741
MISSOURI	4,448
NORTH CAROLINA	53,780
OHIO	85,121
OKLAHOMA	27,637
SOUTH CAROLINA	22,904
TENNESSEE	13,325
TEXAS	214,412
VIRGINIA	3,363
WISCONSIN	22,738
TOTAL	652,000

SENATOR LAUTENBERG: Provide for the record by State and amount where the States have obligated minimum apportionment funds by category.

ANSWER: The following table shows how the States have obligated minimum allocation funds on the Federal-aid highway systems as of February 29, 1988:

Use of Minimum Allocation Funds
By Federal-Aid Highway System
Cumulative Obligations FY 1983 - FY 1988

as of February 29, 1988

(dollars in thousands)

State	Interstate	Primary	Secondary	Urban	Other	Total
Arizona	0	0	0	0	183	183
Arkansas	0	34,309	3,481	5,153	0	42,943
California	265	135,534	2,723	131,522	1,651	271,695
Florida	14,485	49,429	3,125	141	4,580	71,760
Georgia	0	50,978	0	0	0	50,978
Illinois	26,543	78,134	8,666	12,178	3,974	129,495
Indiana	10,591	139,787	57,931	64,433	13,828	286,570
Kentucky	0	0	0	24	31	55
Michigan	0	108,440	13,555	67,797	301	190,093
Mississippi	0	4,477	0	0	0	4,477
Missouri	0	42,735	629	9,397	2,008	54,769
N. Carolina	0	98,400	1,880	83,707	3,035	187,022
Ohio	64,973	99,708	68,548	67,174	4,607	305,010
Oklahoma	0	131,739	6,440	28,699	0	166,878
S. Carolina	0	0	0	3,048	220	3,268
Tennessee	0	31,113	0	0	0	31,113
Texas	212,202	504,213	1,575	77,830	2,433	798,253
Wisconsin	0	132,449	196	0	2,258	134,903
Total	329,059	1,641,445	168,749	551,103	39,109	2,729,465

DISCRETIONARY PROGRAM LEVELS

SENATOR LAUTENBERG: Provide the discretionary program amounts authorized for fiscal years 1985 through 1989, and the amounts obligated for each program for those years (for 1988, amount to date).

ANSWER: Following are the authorizations and obligations for fiscal years 1985 through 1989 for the discretionary programs:

AUTHORIZATIONS

	1985	1986	1987	1988	1989*
Interstate Construction Discretionary	300,000,000	287,100,000	300,000,000	285,148,781	300,000,000
Interstate 4R Discretionary	0	0	165,239,802	190,099,187	200,000,000
Interstate Substitution Discretionary	175,000,000	173,426,250	152,464,701	175,402,144	185,000,000
Bridge Discretionary	200,000,000	200,000,000	185,894,779	213,861,585	225,000,000
TOTAL	675,000,000	660,526,250	803,599,282	864,511,697	910,000,000

* Does not reflect any set-aside for Section 149 Demonstration Projects.

OBLIGATIONS

	1985	1986	1987	1988 **
Interstate Construction Discretionary	479,824,301	779,782,594	676,192,933	435,581,342
Interstate 4R Discretionary	0	0	165,239,802	71,727,891
Interstate Substitution Discretionary	174,947,166	173,456,250	103,700,545	50,678,911
Bridge Discretionary	206,272,847	215,252,933	188,910,372	37,466,280
TOTAL	861,044,314	1,168,491,777	1,134,043,652	595,454,424

** Obligations as of February 29, 1988.

SENATOR LAUTENBERG: Provide for the record by program the amount of discretionary funding that was reduced to fund section 149 programs (demonstration and priority projects).

ANSWER: The amounts deducted to fund Section 149 demonstration projects are listed below:

DISCRETIONARY ACCOUNT	AMOUNT DEDUCTED TO FUND SECTION 149 PROJECTS (PL 100-17)
INTERSTATE CONSTRUCTION	76,561,888
INTERSTATE TRANSFER	9,135,356
INTERSTATE 4R	9,900,813
BRIDGE	11,207,219
TOTAL	106,805,276

SENATOR LAUTENBERG: Provide for the record the amount that discretionary funding was increased due to "turn back" provisions allowed in Public Law 100-17.

ANSWER: $1.057 billion was added to the Interstate Construction Discretionary funds available for allocation in fiscal year 1988, due to provisions of Section 114(a) of P.L. 100-17.

EMERGENCY RELIEF OBLIGATIONS

SENATOR LAUTENBERG: Update the table on page 575 of Senate Hearing 100-354, Part 1 for fiscal years 1984 through 1987.

ANSWER: A table showing the obligations is attached.

EMERGENCY RELIEF
Obligations
($millions)

	FY '84 Obl.	FY '85 Obl.	FY '86 Obl.	FY '87 Obl.
ALABAMA	(0.1)	(0.1)	0.0	0.0
ALASKA	0.0	(0.3)	0.0	3.9
ARIZONA	10.7	9.6	3.3	(0.3)
ARKANSAS	7.5	0.5	0.4	0.0
CALIFORNIA	62.7	20.1	74.5	21.6
COLORADO	2.0	1.6	5.3	0.0
CONNECTICUT	2.4	4.7	0.8	(0.3)
DELAWARE	0.0	0.0	0.0	0.0
DIST. OF COL.	0.0	0.0	(0.1)	0.0
FLORIDA	0.0	0.0	0.8	1.0
GEORGIA	0.0	0.0	0.0	1.1
HAWAII	1.4	1.1	(0.5)	0.0
IDAHO	3.4	0.3	0.9	1.2
ILLINOIS	0.0	0.0	0.0	0.0
INDIANA	0.0	0.0	0.0	0.0
IOWA	0.0	0.0	0.0	0.0
KANSAS	0.0	0.2	0.6	0.0
KENTUCKY	(0.6)	1.1	(0.8)	(0.2)
LOUISIANA	1.0	0.8	2.4	(0.1)
MAINE	0.0	0.0	0.0	4.9
MARYLAND	(0.1)	0.1	(0.1)	(1.0)
MASSACHUSETTS	(0.1)	0.0	0.0	0.0
MICHIGAN	0.0	0.0	1.4	5.9
MINNESOTA	0.0	0.0	0.0	0.0
MISSISSIPPI	2.5	4.4	(0.3)	0.4
MISSOURI	0.0	0.0	0.0	0.0
MONTANA	(0.3)	(0.1)	0.4	0.0
NEBRASKA	0.0	0.9	0.1	0.0
NEVADA	1.5	4.0	2.7	1.6
NEW HAMPSHIRE	0.0	0.0	0.0	0.0
NEW JERSEY	0.9	0.0	0.0	0.0
NEW MEXICO	0.0	0.0	0.0	0.0
NEW YORK	0.9	0.0	0.0	0.0
NORTH CAROLINA	(0.6)	7.3	0.2	0.0
NORTH DAKOTA	0.0	0.0	0.0	0.0
OHIO	(0.7)	0.0	0.0	0.0
OKLAHOMA	1.8	0.8	0.9	8.4
OREGON	1.2	0.9	3.9	0.0
PENNSYLVANIA	(3.1)	0.0	3.4	0.2
RHODE ISLAND	0.0	0.0	0.0	0.0
SOUTH CAROLINA	0.0	0.0	0.0	0.0
SOUTH DAKOTA	0.0	1.5	0.3	1.2
TENNESSEE	2.6	2.1	0.2	(0.2)
TEXAS	0.5	0.5	(0.3)	0.0
UTAH	14.9	4.7	7.8	3.3
VERMONT	1.0	0.6	0.0	0.0
VIRGINIA	(0.3)	0.0	5.8	1.5
WASHINGTON	2.6	3.3	6.5	6.0
WEST VIRGINIA	3.4	0.8	25.4	8.2
WISCONSIN	0.0	0.0	0.0	0.0
WYOMING	0.0	0.0	0.0	0.0
PUERTO RICO	0.0	0.1	1.1	4.0
VIRGIN ISLANDS	0.0	0.0	0.0	0.0
Subtotals:	119.0	71.5	147.0	72.3
BIA	0.3	1.4	0.5	0.4
BLM	0.0	0.4	0.1	0.1
FOREST SERVICE	15.8	11.2	10.4	8.6
PARK SERVICE	2.2	2.2	0.2	0.1
Subtotals:	18.3	15.2	11.2	9.2
TOTALS:	137.3	86.7	158.2	81.5

DISCRETIONARY BRIDGE PROGRAM

SENATOR LAUTENBERG: List by State and project the amount of discretionary funds released by the Secretary in fiscal years 1986, 1987 and to date in fiscal year 1988. Also provide each bridge project's rating factor.

ANSWER:

Funded Projects FY 1986

Bridge Name	State	Discretionary Bridge Funds Received in FY 1986	Rating Factor
Cochran	AL	$ 34,079,529.00	*
Golden Gate	CA	4,560,000.00	*
Russian River (Preston)	CA	18,800,000.00	*
13th Street	GA	8,480,000.00	9.80
Old Town	ID	8,100,000.00	3.28
US 36 (Florence)	IL	20,912,468.28	*
Franklin Street	IL	770,000.00	*
Staley Viaduct	IL	960,000.00	2.85
Nebraska City	IA	567,720.00	*
Burlington	IA	990,400.00	*
Keokuk	IA	75,000.00	*
Natchez-Vidalia	LA	980,576.00	*
Million Dollar	ME	1,200,000.00	*
US 50-301/Severn River	MD	11,200,000.00	14.06
Wabasha	MN	1,760,000.00	3.41
High	MN	14,799,000.00	4.60
Natchez-Vidalia	MS	2,500,000.00	*
ASB	MO	348,235.00	*
US 67/Missouri River	MO	609,580.68	*
Nebraska City	NE	262,280.00	*
Notre Dame	NH	7,300,000.00	6.43
Brooklyn	NY	50,573,561.00	*
Manhattan	NY	720,000.00	*
Queensboro	NY	7,080,000.00	*
Sampit River	SC	200,000.00	*
James Island	SC	12,000,000.00	*
Weirton-Steubenville	WV	500,000.00	*
Wabasha	WI	1,760,000.00	3.41
Williams Viaduct	VA	12,000,000.00	6.18
	Total	$244,088,349.96	

* Project was selected for initial funding prior to the effective date of the rating factor criteria.

Funded Projects FY 1987

Bridge Name	State	Discretionary Bridge Funds Received in FY 1987	Rating Factor
W.B. Crumpton	AL	$10,590,000.00	5.90
Little Colorado	AZ	6,480,000.00	23.71

Fisherman's Channel	CA	10,720,000.00	.91
Speer Blvd	CO	5,700,000.00	.73
Port Orange	FL	8,160,000.00	27.47
Burlington	IL	150,000.00	*
Franklin Street	IL	190,000.00	*
Staley Viaduct	IL	23,410,000.00	2.85
Burlington	IA	1,319,000.00	*
Keokuk	IA	325,525.07	*
Wabasha	MN	3,249,675.00	3.41
ASB	MO	2,114,944.73	*
W. Pennway	MO	4,620,000.00	1.48
Notre Dame	NH	2,433,650.99	6.43
Rt 40/In. Thor.	NJ	12,700,000.00	14.24
Manhattan	NY	10,800,000.00	*
University Heights	NY	10,400,000.00	2.92
Alsea Bay	OR	20,000,000.00	18.88
Walnut Street	PA	20,000,000.00	12.66
Jamestown	RI	2,000,000.00	*
James Island	SC	21,169,750.00	*
Karnes	TN	10,100,000.00	6.16
Old Williamstown	WV	4,000,000.00	6.52
Wabasha	WI	3,335,000.00	3.41
	Total	$194,007,545.79	

* Project was selected for initial funding prior to the effective date of the rating factor criteria.

Funded Projects FY 1988

Bridge Name	State	Discretionary Bridge Funds Received in FY 1988	Rating Factor
W.R. King	AL	$13,443,120.00	3.91
Potato Slough	CA	15,160,000.00	5.95
Speer Blvd	CO	11,539,200.00	.73
Niantic River	CN	21,855,000.00	4.29
Acosta #	FL	8,800,000.00	82.49
Wailoa	HA	4,400,000.00	1.00
MLK	IL	15,960,000.00	2.62
Franklin St	IL	200,000.00	*
Staley Viaduct	IL	2,203,000,00	2.85
Burlington	IA	16,357,000.00	*
Natchez-Vidalia	MS	1,100,000.00	*
W. Pennway	MO	2,408,764.00	1.48
Wells Avenue	NV	10,800,000.00	6.47
Notre Dame	NH	10,000,000.00	6.43
Father Baker	NY	5,050,000.00	7.21
Girard & Belmont	PA	16,100,000.00	15.09
James Island	SC	61,939,400.00	*
Karnes	TN	1,518,000.00	6.16
	Total	$218,833,484.00	

# Special Legislation

* Project was selected for initial funding prior to the effective date of the rating factor criteria.

SENATOR LAUTENBERG: In addition to listing the grants made, provide a listing by State of the request made to the Secretary for fiscal years 1986, 1987 and to date for fiscal year 1988. Include the rating factor, total project costs and the requested Federal funds.

ANSWER:

UNFUNDED PROJECTS: FY 86 REQUESTS

Rating Factor	Bridge Name	State	Total Project Cost	Federal-aid Funds Requested for FY 86
.95	West End	PA	$13,200,000.00	$ 400,000.00
1.47	14th Street	GA	11,529,000.00	800,000.00
3.04	Il SR 146/Ms	MO	32,500,000.00	80,000.00
3.21	Williamsburg	NY	286,800,000.00	4,000,000.00
4.36	Niantic River	CN	37,288,750.00	2,800,000.00
4.94	Port Vue	PA	17,000,000.00	1,600,000.00
5.02	SR 115/MO R.	MO	41,000,000.00	80,000.00
5.04	SR 5/Mo. R.	MO	16,900,000.00	80,000.00
5.11	Catawissa	PA	11,475,000.00	7,900,000.00
5.53	23rd Street	CO	17,541,867.00	1,400,000.00
5.58	Arroyo Seco	CA	13,500,000.00	1,120,000.00
5.92	Maynard St.	PA	10,800,000.00	925,000.00
6.34	Potato Slough	CA	12,928,750.00	578,000.00
6.53	Brickell Ave	FL	10,369,000.00	408,000.00
6.86	SR 115/Tenn R	TN	15,219,000.00	240,000.00
7.68	Sixth St/Sag	MI	30,800,000.00	1,360,000.00
7.70	Prescott	WI	12,840,000.00	1,120,000.00
7.83	Old Will-Mar	WV	20,000,000.00	1,600,000.00
9.00	W. Crumpton	AL	16,726,223.00	13,380,978.00
9.68	South Slough	OR	12,900,000.00	960,000.00
10.09	Bloom. Ferry	MN	43,450,000.00	2,200,000.00
10.14	Appomattox	VA	13,200,000.00	240,000.00
10.42	Walnut St.	PA	28,000,000.00	20,960,000.00
10.87	Milton	PA	10,600,000.00	8,080,000.00
11.14	SR 8/Tenn R.	TN	16,200,000.00	240,000.00
11.22	Bainbridge	PA	7,700,000.00	6,160,000.00
11.63	Rt 147/Grass	NJ	19,500,000.00	1,200,000.00
11.67	Gir. & Bel.	PA	19,900,000.00	13,984,000.00
11.79	Lewisburg	PA	10,600,000.00	644,000.00
13.34	Highland Pk	PA	18,310,000.00	14,648,000.00
13.94	Dan Ryan Epy	IL	108,310,000.00	15,120,000.00
14.77	Tarentum	PA	12,900,000.00	9,600,000.00
15.84	Brook-Brigh	OH	20,460,000.00	15,680,000.00
16.44	Rt 152/Bd. Th	NJ	24,500,000.00	19,600,000.00
16.48	North Star	MN	10,400,000.00	400,000.00
16.95	Rt 1&9/WY.	NJ	46,000,000.00	33,600,000.00
17.26	Alsea Bay	OR	40,400,000.00	1,920,000.00
17.30	Mifflinville	PA	13,300,000.00	1,040,000.00

18.98	Kings Highway	VA	13,700,000.00	640,000.00
19.10	Lake Street	MN	17,720,000.00	800,000.00
20.06	Ford City	PA	19,263,750.00	1,200,000.00
20.10	Father Baker	NY	23,000,000.00	3,722,000.00
20.90	Shadle	WV	15,000,000.00	1,200,000.00
21.04	Danville	PA	12,700,000.00	1,107,000.00
21.23	Wells Ave	NV	12,700,000.00	210,000.00
22.40	Little Col	AZ	7,500,000.00	6,000,000.00
23.74	US 84/Red R.	LA	16,000,000.00	12,800,000.00
26.14	US 40/Mo. R.	MO	23,200,000.00	5,000,000.00
26.97	US 27/Oh. R.	KT	30,000,000.00	2,080,000.00
27.19	McKees Rock	PA	17,640,000.00	12,800,000.00
32.19	Santa Clara	CA	16,235,000.00	600,000.00
33.28	Port Orange	FL	13,140,000.00	1,007,200.00
35.09	US 63/Mo. R.	MO	29,700,000.00	600,000.00
36.92	City Waterway	WA	25,900,000.00	370,000.00
37.20	Packer Island	PA	16,650,000.00	11,700,000.00
42.76	Nueces Bay-NB	TX	10,200,000.00	8,160,000.00
42.79	US 81/Mo. R.	SD	10,600,000.00	200,000.00
44.67	Nueces Bay-SB	TX	11,800,000.00	9,440,000.00
47.06	SR 291/Mo. R.	MO	13,700,000.00	80,000.00
47.88	US 30/Mo. R.	NE	10,807,100.00	6,320,000.00
48.35	Edison	FL	45,036,000.00	360,000.00
48.47	South St. Via	NJ	21,000,000.00	800,000.00
49.25	Constitution	PA	11,100,000.00	400,000.00
55.80	W. Baum-Roa.	NC	18,000,000.00	14,400,000.00
56.73	Ouachita	AR	11,000,000.00	8,000,000.00
58.74	Ebey Slough	WA	94,000,000.00	300,000.00
67.99	Willow Slough	KT	17,510,000.00	1,200,000.00
68.14	Red R. Buhlow	LA	35,000,000.00	700,000.00
74.02	Acosta	FL	78,275,000.00	236,000.00
84.67	Suspension	KT	30,600,000.00	2,080,000.00
90.01	Dickey Pl	IN	14,805,000.00	11,844,000.00
94.19	Jewfish Ck	FL	36,939,000.00	440,000.00
102.04	Arch St	PA	13,400,000.00	800,000.00
103.38	US 67/Ms. R.	MO	70,542,000.00	800,000.00
106.42	Market St	WV	25,000,000.00	1,600,000.00
117.20	Fitzhugh	TN	39,954,000.00	31,963,200.00
119.89	West Pennway	MO	15,250,000.00	8,800,000.00
131.00	US 36/Ms. R.	MO	25,200,000.00	80,000.00
150.12	Boyn Beach	FL	16,814,000.00	2,056,800.00
156.67	Wheeling Sus.	WV	25,000,000.00	1,500,000.00
194.99	Eagle Ave.	OH	40,000,000.00	960,000.00
211.05	Charter Oak	CN	140,000,000.00	8,600,000.00
473.10	Talmadge	GA	82,000,000.00	27,600,000.00

UNFUNDED PROJECTS: FY 87 REQUESTS

Rating Factor	Bridge Name	State	Total Project Cost	Federal-Aid Funds Requested For FY 1987
.33	Speer Blvd.	CO	$ 23,250,000.00	$ 18,600,000.00
1.06	14th Street	GA	11,529,000.00	800,000.00
1.17	Red R. (Buhlow)	LA	35,000,000.00	1,200,000.00
2.77	23rd St. Via.	CO	10,800,000.00	8,640,000.00
2.92	Univ. Hts.	NY	13,200,000.00	10,400,000.00
3.01	Williamsburg	NY	290,600,000.00	48,560,000.00

3.03	Wisc. Ave.	WI	13,000,000.00	240,000.00
3.16	IL SR 146/Ms R	MO	35,605,000.00	84,000.00
3.53	Rufus King	AL	16,760,000.00	11,280,000.00
3.55	NJ 18/S. Rv.	NJ	12,300,000.00	160,000.00
3.83	Sixth St.	WV	27,000,000.00	2,000,000.00
5.05	Arroyo Seco	CA	13,500,000.00	1,120,000.00
5.51	SR 5/Mo. Rv.	MO	16,900,000.00	84,000.00
5.90	Wm. Crumpton	AL	13,233,375.00	10,590,000.00
5.98	Rt. 9/Raritan	NJ	12,700,000.00	600,000.00
6.22	South Slough	OR	11,800,000.00	160,000.00
6.27	Wells Ave.	NV	13,081,000.00	216,300.00
6.56	SR 115/MO Rv.	MO	54,440,000.00	1,029,000.00
7.63	Chelyan	WV	47,000,000.00	2,000,000.00
7.96	Potato Slough	CA	19,574,000.00	268,000.00
8.03	6th St/Sag Rv	MI	30,800,000.00	1,700,000.00
8.60	Appomattox	VA	13,200,000.00	240,000.00
9.39	Prescott	WI	15,514,000.00	1,211,200.00
10.42	Bloom. Ferry	MN	46,750,000.00	2,200,000.00
11.00	Girard & Bel.	PA	17,800,000.00	13,120,000.00
11.14	Newark Viad.	NJ	28,097,000.00	240,000.00
11.70	SR 8/Tenn R.	TN	16,200,000.00	240,000.00
12.77	Founders	CN	19,600,000.00	5,000,000.00
16.34	North Star	MN	10,400,000.00	400,000.00
17.54	Dan Ryan Epy	IL	141,438,000.00	18,300,000.00
19.43	Bay St. Viad	GA	11,160,000.00	48,000.00
20.15	Father Baker	NY	26,690,500.00	2,400,000.00
21.21	Rt 1&9/WY	NJ	62,000,000.00	1,600,000.00
21.53	Santa Clara R	CA	12,940,000.00	38,000.00
22.92	Rus. (Guern)	CA	13,062,500.00	154,000.00
23.71	Little CO Rv	AZ	8,500,000.00	6,500,000.00
23.85	US84/Red Rv	LA	16,000,000.00	4,000,000.00
24.45	NJ 36/Shrews.	NJ	13,118,000.00	800,000.00
24.97	Pt. Orange Cwy	FL	14,200,000.00	11,360,000.00
25.81	US 40/Mo R.	MO	26,530,000.00	5,300,000.00
32.00	Clearwater Mem	ID	18,400,000.00	880,000.00
32.95	Lake St.	MN	20,250,000.00	750,000.00
35.57	US 63/Jeff Cy	MO	29,700,000.00	630,000.00
41.87	City Waterwy	WA	27,000,000.00	100,000.00
45.72	Ouachita Rv	AR	10,232,000.00	800,000.00
46.18	SR 291/MO Rv.	MO	13,700,000.00	84,000.00
49.74	US 50/Nant.	MD	41,303,750.00	33,043,000.00
52.23	Dickey Place	IN	14,805,000.00	11,844,000.00
53.59	US 30 (Blair)	NE	10,800,000.00	1,082,200.00
54.30	Sabine River	TX	15,000,000.00	12,000,000.00
54.80	US67 Clark Al.	IL	71,000,000.00	6,200,000.00
56.18	Willow Slough	KY	17,510,000.00	8,000.00
61.19	Ebey Slough	WA	94,000,000.00	100,000.00
68.37	Thomas Edison	FL	30,165,000.00	800,000.00
78.68	W. Baum Roa.	NC	24,900,000.00	19,840,000.00
87.58	Charter Oak	CN	74,800,000.00	26,800,000.00
88.24	Acosta	FL	111,165,000.00	4,600,000.00
110.69	Baldwin	CN	154,500,000.00	2,000,000.00
123.06	Paris Land.	TN	39,954,000.00	31,963,200.00
142.17	US 36/MS Rv.	MO	26,530,000.00	84,000.00
499.41	Dr. M. L. King	IL	55,530,000.00	840,000.00
563.18	Talmadge	GA	96,850,000.00	36,480,00.00

UNFUNDED PROJECTS: FY 88 REQUESTS

Rating Factor	Bridge Name	State	Total Project Cost	Federal-Aid Funds Requested For FY 1988
2.89	Williamsburg	NY	$290,600,000.00	$47,400,000.00
5.42	"Q"	CN	14,000,000.00	11,200,000.00
6.94	South Slough	OR	11,800,000.00	160,000.00
11.28	Quachita River	AR	12,000,000.00	800,000.00
14.44	Jefferson St	TN	12,500,000.00	640,000.00
19.03	Bay St Viad	GA	10,700,000.00	8,600,000.00
19.07	Dan Ryan	IL	130,900,000.00	104,700,000.00
20.43	Dog River	AL	16,200,000.00	12,900,000.00
22.20	US 40/Mo. R.	MO	23,200,000.00	4,300,000.00
24.55	Rt 147/Grassy S	NJ	46,300,000.00	33,200,000.00
25.40	SR 858/ICWW	FL	10,500,000.00	660,000.00
27.34	US 30 (Blair)	NE	10,800,000.00	2,340,000.00
27.47	Lake Street	MN	17,600,000.00	14,080,000.00
29.09	South St Viad	NJ	14,200,000.00	400,000.00
33.21	Highlandview	FL	10,700,000.00	700,000.00
40.43	US63(Jeff City)	MO	36,200,000.00	9,200,000.00
48.15	Dickey Place	IN	14,700.000.00	11,300,000.00
51.71	IntracoastalWay	LA	27,500,000.00	4,100,000.00
54.10	US 50/Nanticoke	MD	35,200,000.00	28,200,000.00
56.24	Clark (US 67)	IL	71,000,000.00	8,260,000.00
57.62	US61/Homochitto	MS	10,300,000.00	8,200.000.00
61.51	Jekyll/Is.C'Way	GA	12,600,000.00	10,100,000.00
64.82	North Channel	NY	64,300,000.00	51,500,000.00
79.42	Willow Slough	KY	17,500,000.00	12,800,000.00
85.64	Paris Landing	TN	39,900,000.00	32,000,000.00
91.77	ChoctawhatcheeBy	FL	18,500,000.00	14,800,000.00
92.19	Tom Edison	FL	33,500,000.00	1,500,000.00
113.38	Charter Oak	CN	81,300,000.00	65,000,000.00
134.65	Baldwin	CN	164,100,000.00	2,200,000.00

Note: The requests listed above in FY 88 are for construction or right-of-way. Preliminary engineering requests are no longer considered eligible by the FHWA for unfunded projects.

SENATOR LAUTENBERG: Provide a listing of Federal funds needed to complete projects already begun.

ANSWER:

FEDERAL FUNDS NEEDED TO COMPLETE PROJECTS ALREADY BEGUN **

1.	Acosta	FL	$ 64.0 million
2.	Franklin St	IL	36.5
3.	Burlington	IA&IL	10.6
4.	Million Dollar	MA	70.0
5.	W. Pennway	MO	3.5
6.	Notre Dame	NH	5.6
7.	Brooklyn	NY	80.7
8.	Manhattan	NY	101.3

9.	Queensboro	NY	111.4
10.	Father Baker	NY	16.3
11.	Main Avenue	OH	29.7
12.	Jamestown	RI	13.0
13.	Old Williamstown	WV	13.8
		Total	$556.4 million

** Several other active projects may need small amounts of funding before completion. The total additional cost for these projects is not expected to exceed $4.0 million.

FHWA ORGANIZATION AND PERSONNEL

SENATOR LAUTENBERG: Update the chart on page 627 of Senate Hearings Report 100-354, Part 1.

ANSWER:

	Estimated Number of Personnel		Estimated* Associated Costs (Dollars in thousands)	
	FY 1988	FY 1989	FY 1988	FY 1989
Office of the Admin.	19	19	$1,094	$1,199
Office of Chief Counsel	36	36	1,969	2,158
Office of Public Affairs	3	3	140	154
Office of Program Review	4	4	330	361
Office of Civil Rights	15	15	804	882
Associate Administrator for Policy	85	85	5,017	10,322
Associate Administrator for Research, Development Technology	142	142	33,508	31,878
Associate Administrator for Right-of-Way and Environment	59	59	3,284	3,600
Associate Administrator for Engineering and Program Development	188	188	27,378	23,038
Associate Administrator for Safety and Operations	62	62	3,627	3,892
Associate Administrator for Motor Carrier	14	14	1,344	1,332
Associate Administrator for Administration	251	251	48,347	52,994

*Note: Associated costs represent General Operating Expenses including salaries, fringe benefits, travel, contract funds, etc.

SENATOR LAUTENBERG: Describe the differences from 1987 to 1988 and from 1988 to 1989 in personnel total positions and full-time equivalents.

ANSWER: The following table compares positions and full-time equivalents for the years 1987, 1988, and 1989:

	1987	Change	1988	Change	1989
Positions	3,504	-7	3,497	-4	3,493
Full-Time Equivalent Workyears	3,620	+10	3,630	-8	3,622

Positions

The decrease of seven (7) full-time permanent positions from FY 1987 to FY 1988 is representative of the number of personnel which are associated with certain functions performed in FHWA's research operation at the Turner-Fairbank Research Facility that, according to a contractor's report, could be contracted out.

The net decrease of four (4) full-time permanent positions from FY 1988 to FY 1989 is the result of our request of an additional 15 positions in Motor Carrier Safety for additional clerical staff to support the professional field staff which has been doubled in the recent years together with a reduction of 19 positions resulting from the proposal to eliminate the Appalachian Highway program.

Full-Time Equivalents

The net increase of ten (10) workyears authorized for FY 1987 to FY 1988 is comprised of a reduction of four (4) which are representative of workyears associated with certain functions performed in FHWA's research operation at the Turner-Fairbank Research Facility that, according to a contractor's report, could be contracted out plus an increase of fourteen (14) associated with the hiring of the remaining additional Motor Carrier Safety specialists required to reach the 150 level approved in FY 1986.

The net decrease of eight (8) workyears from FY 1988 to FY 1989 is the result of: (1) our request of an additional 15 workyears in Motor Carrier Safety for additional clerical staff to support the professional field staff which has been doubled in the recent years; (2) a reduction of 20 workyears resulting from the proposal to eliminate the Appalachian Highway program; and (3) a reduction of 3 which are representative of workyears related to certain functions performed in FHWA's research operation at the Turner-Fairbank Research Facility that, according to a contractor's report, could be contracted out.

RAIL-HIGHWAY CROSSING DEMONSTRATION PROJECTS

SENATOR LAUTENBERG: Please update the tables contained on pages 619, 620 and 621 of Senate Hearings Report 100-354, Part 1.

ANSWER: The requested tables follow:

ALLOCATIONS TO RAIL-HIGHWAY CROSSING DEMONSTRATION PROJECTS BY FISCAL YEAR
(in thousands of dollars)

Project	FY 74-83	FY 1984	FY 1985	FY 1986	FY 1987	FY 1988	Total
Wheeling, WV	$ 600	$ -----	$ -----	$ -----	$ -----	$ -----	$ 600
Augusta, GA	1,232	-----	4,840	957	2,000	1,188	10,217
Anoka, MN	2,915	-----	-----	-----	-----	-----	2,915
Blue Island, IL	230	-----	-----	-----	-----	-----	230
Carbondale, IL	21,304	-----	500	2,871	-----	1,425	26,100
Dolton, IL	585	-----	-----	-----	-----	-----	585
E. St. Louis, IL	6,101	2,560	-----	-----	-----	-----	8,661
Springfield, IL	5,119	-----	2,875	-----	8,725	1,425	18,144
Hammond, IN	14,370	-----	-----	-----	-----	-----	14,370
Lafayette, IN	6,000	1,800	7,000	5,264	3,500	-----	23,564
New Albany, IN	2,575	(249)	-----	-----	-----	-----	2,326
Terre Haute, IN	7,000	-----	-----	-----	-----	-----	7,000
Metairie, LA	1,202	500	-----	-----	-----	-----	1,702
Pine Bluff, AR	555	200	5,900	957	-----	1,900	9,512
Brownsville, TX	1,510	2,660	1,500	2,392	750	712	9,524
Greenville, TX	9,500	-----	-----	-----	-----	-----	9,500
Sherman, TX	-----	-----	-----	-----	-----	-----	-----
Lincoln, NE	5,350	5,429	1,800	2,871	2,000	1,140	18,590
Elko, NV	40,430	2,100	-----	-----	-----	-----	42,530
TOTALS:	$126,578	$15,000	$24,415	$15,312	$16,975	$ 7,790	$206,070

( ) - Denotes deallocation of funds

RAIL-HIGHWAY CROSSING DEMONSTRATION PROJECTS (dollars in thousands)

Project	Description	Total Estimated Cost	Demonstration Funds Allocated
Wheeling, WV	Rail relocation in downtown	$ 600	$ 600 (a)
Augusta, GA	Rail relocation involving three railroads	140,400	10,217
Anoka, MN	Grade separation	3,100	2,915
Blue Island, IL	Grade separation	5,900	230 (a)
Carbondale, IL	Depress rail line in downtown	82,700	26,100
Dolton, IL	Grade separation	9,400	585 (a)
E. St. Louis, IL	Seven grade separations and minor rail relocation	28,700	8,661
Springfield, IL	Rail relocation southwest of city, grade separations in city	22,600	18,144
Hammond, IN	Rail relocation within downtown area	18,600	14,370
Lafayette, IN	Rail relocation within downtown area	94,200	23,564
New Albany, IN	Minor rail relocation	2,600	2,326
Terre Haute, IN	Grade separation	5,800	7,000
Metairie, LA	Rail consolidation and grade separation	19,000	1,702
Pine Bluff, AR	Five grade separations and minor rail relocation	19,900	9,512

Project	Description	Total Estimated Cost	Demonstration Funds Allocated
Brownsville, TX	Rail relocation to loop around city	$ 44,900	$ 9,524
Greenville, TX	Grade separation and minor rail relocation	14,800	9,500
Sherman, TX	--------- WITHDREW FROM PROGRAM -------------		
Lincoln, NB	Three grade separations and minor rail relocations	28,700	18,590
Elko, NV	Rail relocation to loop around downtown	44,800	42,530
		$ 586,700	$ 206,070

(a) Project not under construction by September 30, 1985. In accordance with Section 163(p) of the Federal-Aid Highway Act of 1973, as amended, no further demonstration funds will be provided to the project.

HIGHWAY RELATED SAFETY GRANTS PROGRAMS

SENATOR LAUTENBERG: List the Highway Related Safety Grants awarded by State for Fiscal Years 1987 and 1988 for the Section 402 program administered by Federal Highway Administration (FHWA).

ANSWER: Following is list of funds apportioned to each State in Fiscal Years 1987 and 1988 for carrying out programs under the FHWA Section 402 highway safety program.

STATE	FY 1987	FY 1988
ALABAMA	174,789	177,356
ALASKA	49,125	49,875
ARIZONA	131,545	133,622
ARKANSAS	118,172	119,802
CALIFORNIA	843,028	856,085
COLORADO	136,310	138,682
CONNECTICUT	108,722	110,367
DELAWARE	49,125	49,875
FLORIDA	363,865	369,177
GEORGIA	234,899	238,443
HAWAII	49,125	49,875
IDAHO	71,586	73,979
ILLINOIS	437,932	444,336
INDIANA	226,679	229,958
IOWA	159,322	161,504
KANSAS	154,379	156,562

KENTUCKY	156,324	158,628
LOUISIANA	166,448	168,952
MAINE	49,125	49,875
MARYLAND	148,096	150,396
MASSACHUSETTS	199,229	202,185
MICHIGAN	360,078	365,339
MINNESOTA	204,343	207,389
MISSISSIPPI	122,209	123,975
MISSOURI	225,759	229,068
MONTANA	68,136	69,105
NEBRASKA	105,038	106,501
NEVADA	51,659	52,718
NEW HAMPSHIRE	49,125	49,875
NEW JERSEY	249,959	253,783
NEW MEXICO	73,256	74,266
NEW YORK	613,742	622,901
NORTH CAROLINA	239,979	243,671
NORTH DAKOTA	72,772	73,798
OHIO	405,079	411,001
OKLAHOMA	161,706	164,111
OREGON	139,375	141,577
PENNSYLVANIA	439,935	446,365
RHODE ISLAND	49,125	49,875
SOUTH CAROLINA	135,782	137,753
SOUTH DAKOTA	66,218	67,161
TENNESSEE	194,072	196,844
TEXAS	615,123	626,116
UTAH	75,109	76,989
VERMONT	49,125	49,875
VIRGINIA	206,411	209,592
WASHINGTON	178,106	180,258
WEST VIRGINIA	82,138	83,322
WISCONSIN	212,691	215,774
WYOMING	49,125	49,875
DIST. OF COL.	49,125	49,875
PUERTO RICO	105,500	107,088
AMERICAN SAMOA	24,563	24,938
GUAM	24,563	24,938
N. MARIANAS	24,562	24,938
VIRGIN ISLANDS	24,562	24,937
SUBTOTAL	9,775,875	9,925,125
SECRETARY OF INTERIOR	49,125	49,875
TOTAL	9,825,000	9,975,000

SENATOR LAUTENBERG: Safety Construction and Operational Improvements are the program priority areas for FHWA's 402 program. What types of efforts are funded by the Federal funds? (Briefly describe)

ANSWER: The April 1982 rulemaking to identify the most effective programs for Federal funding under Section 402 found that safety construction and operational improvements were the most effective FHWA safety programs in accident and severity reduction.

Although Section 402 funds cannot be used for construction and traffic operational improvements, they can be used for support activities. Therefore, emphasis is placed on activities that lead to better identification of hazardous locations and

implementation of safety construction and traffic operational improvements regardless of whether Federal, State or local funds are used to make the improvements.

Funded activities such as improved safety data collection and programming systems, special problem studies and analyses, training and technical guides, and equipment advances have done much to improve roadway safety problem identification and selection. In the process, interaction with vehicle and driver related safety programs have been improved and emphasis given local problems such as traffic operations and pedestrians.

COMMERCIAL MOTOR SAFETY REGULATORY REVIEW PANEL

SENATOR LAUTENBERG: What progress has the Motor Carrier Safety Regulatory Review Panel made toward compilation and review of the State/Federal regulation records?

ANSWER: The Safety Panel has compiled a computerized database of nearly 72,000 records for State and motor carrier safety Federal regulations. The Safety Panel is reviewing the State requirements affecting motor carriers involved in interstate commerce, in order to determine the compatibility of the State requirements with Federal safety regulations. The Safety Panel has decided to concentrate on those broad-based, crosscutting requirements that make numerous State requirements incompatible with Federal regulations in hopes of resolving major differences. In a few months, the Safety Panel will send a letter to each Governor and the Mayor of the District of Columbia that identifies specific differences between each State's requirements and the Federal requirements. Each letter will include specific recommendations for improving the compatibility of the State's requirements. Later this year, the Safety Panel will submit its final report to the Secretary with recommendations on whether to preempt State motor carrier requirements and effective ways to achieve greater compatibility of State motor carrier safety requirements with Federal requirements. The Safety Panel has scheduled its next meeting for May 5-6, 1988, in Washington, D.C.

SENATOR LAUTENBERG: What are the costs associated with this effort?

ANSWER: As of March 1988, the FHWA has incurred costs of approximately $1.5 million to support the Safety Panel's work — including a support contract with a consultant, and travel and per diem expenses for the members to participate in the Safety Panel meetings.

OFFICE OF INSPECTOR GENERAL AUDITS

SENATOR LAUTENBERG: Briefly describe the status and results of the audits on:

- The Bridge Inspection Program
- The Workmen's Compensation Program
- Recovery of Bid Rigging Damages
- The Motor Carrier Safety Assistance Program
- Highway Related Safety Grant Program

ANSWER: The status and results of the Office of Inspector General (OIG) audits are as follows:

- Report on Audit of the National Bridge Inspection Program in the Federal Highway Administration (Report No. AS-FH-8-007, dated January 15, 1988)

Audit Results: The OIG found that while the FHWA has taken action to strengthen its controls for managing the National Bridge Inspection Program, further improvements are needed to assure that bridges are adequately inspected. The OIG considers FHWA's corrective actions taken or planned responsive to the report's findings and recommendations, and accordingly has closed the report.

1. Recommendation: Revise the National Bridge Inspection Standards (NBIS) to include requirements for underwater inspections.

   Status of Corrective Action: The FHWA has submitted the Final Rule with changes in the NBIS to the Office of the Secretary of Transportation for review and approval prior to going to OMB for review. Current projections are that the Final Rule will be published in the Federal Register by May 1988. Also, two-thirds of the States have underwater inspection programs well underway and the remainder are actively establishing their programs.

2. Recommendation: Seek changes to the NBIS or AASHTO and FHWA bridge inspection manuals to assure that States have adequate internal controls for conducting bridge inspections; properly supervise bridge inspectors; conduct periodic management reviews to promote compliance with established State bridge inspection procedures; and prepare complete, accurate and uniform inspection reports (including documenting time spent inspecting each bridge).

   Status of Corrective Action: All of the actions contained in this recommendation except for documenting the time actually spent inspecting a bridge are contained in either the NBIS, the Final Rule which would change the NBIS, the AASHTO Manual for Bridge Maintenance Inspection or FHWA bridge inspection manuals. The FHWA does not believe that requiring inspectors to document time spent inspecting each bridge is needed to administer the National Bridge Inspection Program.

3. Recommendation: Emphasize to the States the need to conduct thorough and well-organized bridge inspections.

   Status of Corrective Action: The FHWA has continually provided this emphasis since the program began. It has been specifically emphasized in all FHWA Headquarters reviews made during the past 3 years.

4. Recommendation: Require the States to document bridge inspections files with data concerning all corrective actions taken on deficiencies reported by bridge inspectors.

   Status of Corrective Action: The current NBIS and the Final Rule would change the NBIS requirement that the States document corrective action taken as the result of bridge inspection recommendations.

5. Recommendation: Monitor corrective actions taken in FHWA's Region 1 by New York for accomplishing formal load rating analysis and assure that South Carolina complies with the load rating requirements of the standards.

   Status of Corrective Action: The FHWA has been working on a day-to-day basis with these two States to ensure that they load rate all of their bridges.

6. Recommendation: Review FHPM 6-4-3-1 or other appropriate guidance to include more specific guidelines on what division offices should cover when reviewing a State's bridge inspection program.

   Status of Corrective Action: Appropriate FHPM's are being revised and should be reissued in the latter part of FY 1988.

7. Recommendation: Require the division offices to prepare written reports and obtain written responses from States on deficiencies identified by FHWA's annual reviews.

   Status of Corrective Action: This is normal accepted practice for all FHWA reviews of State programs. The FHWA agrees that findings should be followed up and resolved in every case.

8. Recommendation: Establish procedures to assure that the Regions' and Divisions' monitoring of States' bridge inspection programs are periodically evaluated.

   Status of Corrective Action: These procedures are part of the current ongoing FHWA bridge program reviews. The revisions to appropriate FHPM's will contain requirements for specific evaluations and follow-ups of NBIS reviews.

- Final Report on the Workers' Compensation Program (Report No. AS-OT-8-004), dated November 24, 1987. This is a report on the results of a Departmentwide audit of the workers' compensation program. The report was issued to the Assistant Secretary for Administration. In addition to the FHWA, the audit included the Office of the Secretary, Federal Aviation Administration, U.S. Coast Guard, Maritime Administration, Federal Railroad Administration, and the National Highway Traffic Safety Administration. The audit showed that improvements are needed at all management levels within the Department to bring the program in line with OMB management improvement goals for FY 1987 and to help control future compensation costs. All recommendations were addressed to the Assistant Secretary for Administration and any corrective action taken in response to the report's recommendations would be initiated at the Office of the Secretary (OST) level.

- Report on the Audit of Recovery of Bid Rigging Restitutions in the Federal Highway Administration (Report No. AS-FH-7-010, dated July 1, 1987)

  Audit Results: The OIG found that the FHWA had established overall policy guidance for the recovery of bid rigging restitutions and recovered overcharges of $11 million on Federal-aid projects; however, the FHWA needs to strengthen its internal controls by providing field offices with more detailed instructions on how to assure that FHWA receives an equitable share of the States' bid rigging recoveries. Since FHWA's corrective actions are responsive to the report's findings and recommendations, the OIG considers the report closed. The OIG's recommendations and status of corrective action is as follows:

  1. Recommendation: Provide detailed instructions to the FHWA division offices which include procedures for (a) using information supplied by the OIG as a basis for obtaining bid rigging settlement information on specific contractors from the States and (b) independently reviewing final settlement agreements to verify State assurances concerning punitive damages.

     Status of Corrective Action: The FHWA has issued a memorandum (dated May 6, 1987) to all regional offices containing information on the OIG's audit and giving guidance on how the problems identified by the audit should be addressed.

  2. Recommendation: Require the Texas Division to determine the amount of credits due FHWA based on the information provided to the Texas Department of Highways and Public Transportations (TSDHPT) by the Texas State Attorney General (SAG) during the audit, and assure that TSDHPT credits the appropriate Federal-aid highway projects.

     Status of Corrective Action: The TSDHPT is determining the amounts on each project and comparing the credits due with the amounts that have actually been collected from the contractors. The Texas SAG is providing the TSDHPT and the FHWA with a copy of each settlement agreement, ensuring that appropriate credits are received.

- Final Audit Report: Motor Carrier Safety Assistance Program (MCSAP) (Report No. AS-FH-8-006, dated December 17, 1987)

  Audit Results: The OIG found that while the FHWA had generally established adequate procedures for managing the programs, further improvements are needed. The OIG agreed with the corrective action taken or planned by the FHWA and that the action is responsive to the report's recommendations. The OIG's recommendations and status of FHWA's corrective action are as follows:

  1. Recommendation: The FHWA obtain a legal opinion to determine if the "good faith" policy of awarding implementation grants meets the statutory requirements contained in the Surface Transportation Assistance Act of

1982, and if the legal opinion supports that policy, the FHWA should establish a reasonable time limit for the States to achieve compliance with prescribed requirements.

Status of Corrective Action: FHWA's Chief Counsel issued a legal opinion supporting the practice of permitting the use of "good faith effort" in the approval of State Enforcement Plans (SEPs). Additional guidance regarding the use of the "good faith effort", which pointed out, among other things, that the States can not be permitted to operate under the "good faith" approach indefinitely, was provided to FHWA's Regional Motor Carrier Offices.

2. Recommendation: Reemphasize and assist the States in meeting FHWA's national goal of achieving at least 25 percent vehicle inspections during off peak-hours and ensure that SEPs include information to determine the extent to which States are making off-peak inspections.

   Status of Corrective Action: The FHWA (1) has emphasized the need for off-peak inspections at tri-regional meetings and preplanning conferences attended by all participating MCSAP States, (2) made the 25 percent goal part of the suggested standard SEP, (3) will address this area in the technical review panel evaluations of the FY 1988 SEP's, and (4) will stress off-peak hour inspections in the monitoring, review and evaluation portions of the MCSAP Grants Management Course which is being presented at the Transportation Safety Institute (TSI) in FY 1988.

3. Recommendation: The FHWA determine reasons for variances in State vehicle out-of-service rates and use this information to establish procedures for evaluating a State's performance under the MCSAP.

   Status of Corrective Action: During tri-regional meetings and preplanning conferences, the FHWA suggested that States perform at a minimum, a quarterly roadside driver/vehicle inspection effort utilizing the same location and established time periods. Data resulting from these efforts will be used as a benchmark to analyze the States' actual out-of-service rates. The FHWA also has issued written policy to its field staff concerning these random inspection techniques. Additionally, as a result of a review in FY 1987 of all States involved in the implementation of the MCSAP during FY 1986, recommendations were made to the various States regarding inspection site selections, inspection quality, uniform application of the out-of-service criteria, data collection, accuracy, and reporting and training needs.

4. Recommendation: That the FHWA establish procedures to review monthly internal financial reports to ensure that unneeded MCSAP funds are withdrawn and distributed in a timely manner.

   Status of Corrective Action: The FHWA has taken measures whereby monthly internal financial reports are being reviewed to note incorrect project classifications and obligations and to follow up on final voucher submissions. A daily internal financial report is being used as a source to identify unneeded funds which may be withdrawn and redistributed to other States. Financial management is included in the curriculum for the MCSAP Grants Management Course being presented at TSI in FY 1988.

- Highway Related Safety Grant Audit. This is an ongoing audit which was initiated in December 1987. The objective of the audit is to determine if the FHWA is providing adequate management oversight to ensure that States are using funds in a manner which maximizes their impact on improving highway safety. An audit report has yet to be issued.

TECHNOLOGY TRANSFER PROGRAM (T^2)

SENATOR LAUTENBERG: What is the status of the agency's efforts to design and implement a system that will measure the effectiveness of the T^2 Program?

ANSWER: Our system for measuring the effectiveness of the T^2 Program consists of periodic reviews and evaluations. We have performed several of these reviews during the last 10 years, the most recent of which resulted in a "Report on the Status of Innovative Cost Savings Technologies Promoted by FHWA" (Report of the Federal Highway Administrator to the Senate Appropriations Committee Pursuant to Senate Report 98-561, DOT and Related Agencies Appropriation Bill, 1985). The report was dated January 1985.

A recent contract let to the Arthur Young Company by the Department of Transportation included a Phase III study to assess the effectiveness of our T^2 Program and the degree to which the products of the Turner-Fairbank Highway Research Center were being used by the State and local highway agencies. Over 100 specific products were identified by FHWA staff for consideration in this assessment. However, based on the results of the first two phases of the Arthur Young study and a parallel study by the General Accounting Office (GAO), a decision was made to terminate the Arthur Young contract.

The GAO study which surveyed State highway agency decision-making processes and organizational structures for technology transfer and the utilization of six specific highway technologies was made. We understand the results of this study are still under review by the Subcommittee on Investigations and Oversight, House Committee on Public Work and Transportation.

SENATOR LAUTENBERG: List the universities, and/or agencies that are the designated T^2 centers.

ANSWER: University of Connecticut
Maine Department of Transportation
University of Massachusetts
University of New Hampshire
University of Puerto Rico
Rutgers University
Cornell University
St. Michael's College
Delaware Department of Transportation
University of Maryland

The Pennsylvania State University
West Virginia University
Virginia Highway & Research Council
Auburn University
University of Florida
Georgia Institute of Technology
University of Kentucky
Jackson State University
Clemson University
Institute for Transportation Research & Education
Purdue University
Ohio State University
University of Wisconsin
Michigan Technological University
University of Arkansas
Oklahoma State University
New Mexico State Highway and Transportation Department
Texas A&M University
Louisiana Transportation Research Center
Iowa State University
University of Kansas
Missouri Highway & Transportation Department
University of Nebraska
Montana State University
North Dakota State University
University of Wyoming
Colorado State University
Arizona State University
University of California
Oregon State Highway Division
Northwest Technology Transfer Center
Alaska Department of Transportation & Public Facilities

SENATOR LAUTENBERG: On what basis are the T^2 funds distributed to each Center?

ANSWER: The T^2 Centers are funded on a needs basis as reflected in their annual work plan and budget for performing standard tasks. The funds are subject to a $100,000 annual maximum for each Center, and must be matched on a 50/50 basis by the State, university or local agency sources. Some of the Centers are funded by the States, universities and local agencies in excess of the $100,000 match.

SENATOR LAUTENBERG: List the Rural Transportation Assistance Projects (RTAP) let in fiscal year 1987 and to date for fiscal year 1988 with a brief description of the award including amount.

ANSWER: The list of RTAP projects let in fiscal year 1987 and to date for fiscal year 1988 follows:

List of the Rural Transportation Assistance Projects let in FY 1987

Project Number	Title	Award	Description
R9	Extend, Expand, and Support Technology Transfer Center Program	$2,563,962	Establish 3 new centers, extend 28 centers, and fund T^2 Clearinghouse
R39B	Pavement Cost Allocation	43,999	Provide data on truck cost responsibility.
R34A	Long Term Pavement Performance Implementation Plan	65,000	Provide technical support for the development of long term pavement monitoring and its transition into the Strategic Highway Research Program.
R34B	Long Term Pavement Performance Implementation Study	249,801	Provide a long-term pavement performance Information Management System.
R59A	Timber Bridge	37,000	Develop a videotape on timber bridge design.
R59B	Improving Local Road Management Cost Allocation Model	35,000	Improve decision making capability of local governments through the use of microcomputer programs.
R60	Microcomputer Conference	100,000	Conduct a conference on highway application of microcomputers.

R16D	Roadway Data Exploration System	35,000	Develop a microcomputer software package to graphically display highway performance monitoring data.
R46B	Pavement Management Training for Local Executives.	23,373	A 20 minute slide-tape and a 20 minute videotape training will be produced to train executives on pavement management techniques.
RA01	Study of AC Stripping Problems Projects	246,800	Determines the most effective method of introducing lime into asphalt concrete mixtures.
R62	Slope Maintenance and Slide Restoration on Highways	44,648	Provides training on economical techniques for slope maintenance.
R4	Road Surface Management for Local Governments	8,882	Training course provides case study examples of improved procedures for road surface design, maintenance, rehabilitation and budgeting.
R46A	Demonstration of Pavement Structure Repair Techniques	91,380	Provides a series of videotapes on selected cost effective maintenance techniques.
R29	Revising the "PAVER" Pavement Management System (PMS) for use on Low-Volume roads.	90,000	The pavement management system "PAVER" will be revised for use on low-volume roads.

R26	More Effective Cold-Wet Patching Materials for Asphalt Pavement.	14,721	Reviews the effectiveness of asphalt patching material.
R51	The National Drainage Manual - A Transportation Focused Handbook	90,190	Model drainage manual summarizing recommended policies and procedures will be developed.
R47	Bridge Inspector Training	81,000	Computer aided bridge inspection training course is being developed for use by local highway agencies.
R22	Enhancement of a Microcomputer Program for Truss Bridge Rating and Analysis	60,000	Microcomputer program to assist with the design of bridge truss elements will be available for use by local bridge engineers.
R2	Workshop on Rehabilitation of Existing Bridges	23,000	Conduct workshops on proven cost-effective methods of bridge rehabilitation.
R52A	IRF Video-Training Aids	121,411	Provides Technology Transfer Centers with 23 videotapes from the International Road Federation and brief written supplements.
R52B	Municipality Digest	50,078	Series of videotapes will be prepared on the exchange of new ideas dealing with street maintenance activities.

R52D	Tort Liability Video	35,000	Videotape on tort liability and risk management will be available for local officials.
R52E	The Rural Technical Assistance Program	20,000	A videotape explaining the Rural Technical Assistance Program is being provided.
R1	Videos on Selected NACE Manuals	7,483	Selected National Association of County Engineer manuals are being produced on videotape in an effort to make these procedures available to local highway engineers.
R3	Highway Safety for Rural and Small Urban Areas	9,556	Develop and present highway safety training for local highway officials in rural and small urban areas.
R54	Traffic Operations Training Modules for Local Rural and Small Urban	98,434	Provides traffic operations training for local, rural, and small urban area personnel.
R56	Application Procedures for Geotechnical Fabric on Rural Roads	79,604	Will provide cost-effective application procedures for the use of geotextiles (fabric) on rural roads.
	TOTAL	$4,325,322	

Awards - Fiscal Year 1988

Project Number	Title	Award	Description
R9	Extend, Expand, and Support Technology Transfer Center Program	$1,855,625	Established new center in Delaware, extended 25 existing centers, provide support services for centers, and fund T^2 Clearinghouse.
R46A	INSPITE application to RTAP46, Demonstration of Pavement Repair	64,560	Provides a series of interactive video disks on selected cost-effective maintenance techniques (eg. mowing, grading, crack sealing, etc.).
R18B	Microcomputer Software for Highway Culvert Energy Dissipators	30,000	Develop easy-to-use computer programs for the design of highway culverts and prepare users manual.
	TOTAL	$1,950,185	

INTERSTATE COST ESTIMATE

SENATOR LAUTENBERG: For the record provide the latest Interstate Substitute Cost Estimate for both highways and transit with apportionment factors.

ANSWER: The following is a table showing the additional substitute highway and transit funds (Federal funds) required and the associated apportionment factors. The split between highways and transit is based on the 1987 Interstate Substitution Cost Estimate and the table reflects the fiscal year 1988 apportionments and allocations of substitute highway and transit funds. A further revision to the factors can be expected when the 1988 Interstate Substitution Cost Estimate is prepared in accordance with the provisions of the Surface Transportation and Uniform Assistance Act of 1987.

(PRELIMINARY)

ESTIMATED FEDERAL FUNDS REQUIRED TO COMPLETE SUBSTITUTE HIGHWAY AND TRANSIT PROJECTS AND APPORTIONMENT FACTORS FOR DISTRIBUTION OF 75 PERCENT (HIGHWAY)/ 50 PERCENT (TRANSIT) OF THE FISCAL YEAR 1989 AUTHORIZATION*

STATE	WITHDRAWAL AREA	ESTIMATED ADDITIONAL FUNDS REQUIRED TO COMPLETE SUBSTITUTE HIGHWAY PROJECTS	HIGHWAY APPORTIONMENT FACTORS (PERCENT)	ESTIMATED ADDITIONAL FUNDS REQUIRED TO COMPLETE SUBSTITUTE TRANSIT PROJECTS	TRANSIT APPORTIONMENT FACTORS (PERCENT)
ARIZONA	Tucson	215,645	0.007	0	0.000
CALIFORNIA	Sacramento	0	0.000	0	0.000
	San Francisco	44,073,979	1.438	27,743,340	3.390
COLORADO	Denver	9,059,706	0.296	0	0.000
CONNECTICUT	Bolton to Killingly	234,489,909	7.653	1,074,140	0.131
	Hartford-New Britain	228,962,189	7.473	4,228,753	0.517
DISTRICT OF COLUMBIA	Washington	70,278,315	2.294	3,357,116	0.410
GEORGIA	Atlanta	51,544,899	1.682	0	0.000
ILLINOIS	Chicago	294,193,394	9.602	164,821,122	20.139
INDIANA	Indianapolis	22,458,117	0.733	0	0.000
IOWA	Waterloo	123,762,775	4.039	2,036,753	0.249
MARYLAND	Baltimore	166,825,527	5.445	262,980,392	32.133
	Bowie to Millersville	56,007,601	1.828	0	0.000
	Washington	5,604,016	0.183	0	0.000
MASSACHUSETTS	Boston	43,841,475	1.431	3,791,269	0.462
	Fall River to Providence	6,098,831	0.199	3,799	0.000
MINNESOTA	Duluth	1,489,589	0.049	632,083	0.077
	Minneapolis-St. Paul	5,386,416	0.176	0	0.000
NEBRASKA	Omaha	0	0.000	0	0.000
NEW JERSEY	New York City	22,106,334	0.722	0	0.000
	New York City to Trenton	135,542,714	4.424	1,659,759	0.203
	Philadelphia	0	0.000	0	0.000
NEW YORK	Albany	0	0.000	0	0.000
	New York City	986,249,887	32.189	287,802,477	35.166
OHIO	Cleveland	41,309,085	1.348	19,506,966	2.384
OREGON	Portland	40,422,955	1.319	5,031	0.001
	Salem	0	0.000	0	0.000
PENNSYLVANIA	Philadelphia	15,665,519	0.511	0	0.000
	Pittsburgh	16,441,027	0.537	0	0.000
RHODE ISLAND	Rhode Island	318,823,113	10.406	23,256,377	2.842
TENNESSEE	Memphis	123,041,613	4.016	15,514,781	1.896
VIRGINIA	Washington	0	0.000	0	0.000
	TOTALS	3,063,894,630	100.000	818,414,157	100.000

* Amounts are in Federal funds.

HIGHWAY DATA

SENATOR LAUTENBERG: For the record, provide the latest donor/donee results by States.

ANSWER: The following table contains the latest published donor/donee ratios.

STATE	FY-1986	STATE	FY-1986
Alabama	1.29	Montana	2.18
Alaska	5.08	Nebraska	1.35
Arizona	1.88	Nevada	1.43
Arkansas	0.88	New Hampshire	1.60
California	0.94	New Jersey	1.12
Colorado	1.61	New Mexico	1.23
Connecticut	1.95	New York	1.52
Delaware	1.52	North Carolina	0.89
Dist. of Columbia	5.06	North Dakota	1.80
Florida	1.16	Ohio	0.94
Georgia	0.94	Oklahoma	1.04
Hawaii	4.21	Oregon	1.16
Idaho	1.96	Pennsylvania	1.07
Illinois	1.32	Puerto Rico	-
Indiana	0.85	Rhode Island	3.24
Iowa	1.41	South Carolina	1.15
Kansas	1.46	South Dakota	1.87
Kentucky	1.16	Tennessee	0.96
Louisiana	1.50	Texas	0.88
Maine	0.93	Utah	1.88
Maryland	1.73	Vermont	2.16
Massachusetts	1.31	Virginia	1.66
Michigan	1.01	Washington	2.38
Minnesota	1.62	West Virginia	1.56
Mississippi	0.90	Wisconsin	0.91
Missouri	0.93	Wyoming	1.90
	US Total	1.23	

SENATOR LAUTENBERG: For the record identify by State and segment the Interstate mileage that remains to be completed (include mileage recently put under contract).

ANSWER: The following tabulation shows the Interstate mileage not opened to traffic as of December 31, 1987. This includes segments recently put under construction and segments that are not useable pending completion of adjacent projects.

INTERSTATE MILEAGE NOT OPEN TO TRAFFIC

STATE	ROUTE	MILES	LOCATION
Alabama	I-210	6	Mobile Connector
	I-565	21	Huntsville Spur
Arizona	I-10	7	Papago Freeway, Phoenix
California	I-15	11	San Bernardino-Riverside
	I-105	17	L. A. Century Freeway
	I-580	7	San Francisco Spur
Colorado	I-70	5	Grand Mesa
	I-70	8	Glenwood Canyon
	I-76	4	Denver Connector
Connecticut	I-291	6	Hartford Loop
D. C.	I-295	1	Barney Circle
Florida	I-75	84	Alligator Alley
	I-595	9	Fort Lauderdale Spur
Georgia	I-575	8	Marietta Spur
	I-675	10	Atlanta Connector
Hawaii	H-3	14	Oahu
Idaho	I-90	5	Coeur D'Alene
	I-90	2	Wallace
Illinois	I-255	6	East St. Louis
Indiana	I-164	21	Evansville Spur
Kansas	I-670	1	KC Connector
Louisiana	I-49	162	Shreveport-Opelousas
	I-220	5	Shreveport
	I-310	10	New Orleans Spur
	I-510	3	New Orleans Spur
Maryland	I-97	6	Annapolis-Baltimore
	I-370	3	Shady Grove Spur
Massachusetts	I-90	3	Boston Tunnel
Michigan	I-69	30	Lansing Loop
	I-696	8	Detroit Loop
Minnesota	I-35E	1	St. Paul
	I-35	3	Duluth Terminus
	I-394	9	Twin Cities Connector
Mississippi	I-110	1	Biloxi Spur
Missouri	I-670	1	KC Connector
Montana	I-15	1	Dillon Gap
New Hampshire	I-393	2	Concord Spur
New Jersey	I-78	3	Phillisburg
	I-287	19	NE New Jersey
	I-295	4	Trenton
New York	I-88	3	Binghamton
	I-287	1	NY-NJ State Line
North Carolina	I-40	16	Winston-Salem Bypass
	I-40	11	Durham
	I-40	27	Raleigh-Smithfield
	I-277	2	Charlotte Loop
Ohio	I-490	2	Cleveland Loop
	I-670	5	Columbus Loop
Oklahoma	I-235	3	Oklahoma City Loop
Oregon	I-82	11	Hermiston
Pennsylvania	I-78	29	Allentown-Bethlehem
	I-279	12	Pittsburgh Loop
	I-476	14	Philadelphia Blue Route
	I-579	1	Pittsburgh Spur
	I-676	2	Philadelphia Vine Street
South Carolina	I-77	2	Columbia
	I-526	9	Charleston Spur
Texas	I-20	20	Dallas, East
	I-27	16	Lubbock Gap
Utah	I-15	15	Salina, West
	I-70	30	Cove Fort, East
	I-215	7	Salt Lake City Loop
Virginia	I-264	1	Norfolk
	I-295	28	Richmond Beltway
	I-464	5	Norfolk Spur
	I-664	8	Hampton Roads Crossing
Washington	I-90	6	Seattle Gap
	I-705	2	Tacoma Spur
West Virginia	I-64	36	Beckley to Turnpike
	TOTAL	849	

TURNER - FAIRBANK

SENATOR LAUTENBERG: Provide for the record an executive summary of the Arthur Young study on privatization of the FHWA research facility, Turner-Fairbank.

ANSWER: In August 1986, the FHWA initiated a study of the feasibility of additional privatization of the Turner-Fairbank Highway Research Center (TFHRC). This study, let to the Arthur Young Company as a task order to a Department of Transportation contract, included several sequential phases.

Phase I required a full review of all functions performed by Government employees at the TFHRC and a functional analysis to determine which functions are inherently governmental and which functions are commercial in nature under the definition of OMB Circular A-76. The contractor conducted over 60 in-depth interviews, including visits to State highway agencies in Georgia, Texas, Ohio, and Virginia, and senior officials in the American Association of State Highway and Transportation Officials (AASHTO), the Transportation Research Board, and the International Road Federation. The Phase I report indicated 93 percent of the activities performed by Government employees at the TFHRC are inherently governmental in nature or cannot be severed for privatization purposes.

Under Phase II, the contractor investigated the possibility that the functions currently performed by FHWA employees, including those judged to be inherently governmental under A-76 definitions, might be performed by non-Federal employees. The draft report for Phase II assessed several non-Federal models for operating the TFHRC as well as retaining the operation of TFHRC within FHWA. The draft Phase II report indicated that the existing FHWA arrangement was the best option for operating the TFHRC. The privatization options required substantive legislative changes, raised possible conflict of interest questions, and did not show cost advantages or guaranteed increases in program efficiency.

Preliminary work was begun on Phase III which was intended to assess the degree to which the products of the TFHRC programs were being used by State and local highway agencies. Over 100 products were identified by the FHWA staff for consideration, but the assessment was not performed.

The Arthur Young Company was requested to stop work on this contract on January 28, 1987, and the contract was terminated for the convenience of the Government.

BRIDGE REHABILITATION

SENATOR LAUTENBERG: List by State the estimated costs to rehabilitate or replace deficient bridges eligible for the HBRRP.

ANSWER: The estimated costs are:

State	Cost (in millions)	State	Cost (in millions)
Alabama	$1,036	Alaska	$ 44
Arizona	84	Arkansas	632
California	1,623	Colorado	528
Connecticut	1,682	Delaware	49
Dist. of Col.	216	Florida	827

Georgia	1,336	Hawaii	112
Idaho	114	Illinois	1,342
Indiana	824	Iowa	1,005
Kansas	1,284	Kentucky	1,086
Louisiana	1,102	Maine	180
Maryland	878	Massachusetts	1,314
Michigan	631	Minnesota	591
Mississippi	925	Missouri	1,810
Montana	377	Nebraska	656
Nevada	31	New Hampshire	264
New Jersey	2,167	New Mexico	161
New York	10,104	North Carolina	1,278
North Dakota	213	Ohio	1,510
Oklahoma	1,216	Oregon	329
Pennsylvania	2,920	Rhode Island	104
South Carolina	386	South Dakota	276
Tennessee	1,599	Texas	2,007
Utah	62	Vermont	219
Virginia	703	Washington	1,071
West Virginia	1,210	Wisconsin	1,093
Wyoming	102	Puerto Rico	87

NATIONAL TOTAL - $51,400 million or $51.4 billion

OFFICE OF PROGRAM REVIEW

SENATOR LAUTENBERG: List the program reviews conducted by the Program Review Office during Fiscal Year 1987 and their status. The reviews being conducted in Fiscal Year 1988 with status and review areas planned for Fiscal Year 1989.

ANSWER: FY 1987--1. Managing Unexpended Balances of Obligated Funds. Completed.

2. Bridge Replacement Program - Unit Cost Determination. Completed.

3. Contaminated Sites: Impact on Highway Project Development and Construction. Completed.

4. Research, Development, and Technology Contract and Staff Research Program. Completed.

5. Incentive/Disincentive for Early Contract Completion. Completed.

FY 1988--1. Federal Highway Administration Training System Review. Completed.

2. Property Management: Disposal of Excess Property. Under way.

3. Interstate 4R Apportionment - Vehicle Miles Traveled Determination. Under way.

FY 1989--Identification of specific review areas for FY 1989 is not yet accomplished.

SENATOR LAUTENBERG: Last year at this time the Program Review Office had not completed its review of the Motor Carrier Safety Assistance Program. What is the status of that review? What were the major funding, conclusions and recommendations of that review?

ANSWER: An independent review of the Motor Carrier Safety Assistance Program (MCSAP) was not accomplished. The Office of Program Review participated in a review of the Internal Management of the FY 1986 MCSAP conducted by the Office of Motor Carriers. The review was a major undertaking by the Federal Highway Administration (FHWA), particularly the Office of Motor Carriers. The primary goals of the project were to accomplish a comprehensive evaluation of the administration and monitoring of the FY 1986 MCSAP at all levels, both Federal and State, to identify program efficiencies and deficiencies for the purposes of developing recommendations for program improvements, and to establish long-term process review guidelines. As a result of these reviews, two national reports were developed, one addressing FHWA's internal management of the program and the other addressing the administration of MCSAP by the States and the health of the MCSAP.

The most important findings of the State reviews related to implementation of SAFETYNET (the National Safety Management Information Network for the MCSAP), documentation of equipment purchases, timely submission of required reports, and performance of vehicle inspections according to the national guidelines. During the FHWA internal reviews, the major finding related to need for better documentation of efforts in the MCSAP. It should be noted that many of the findings had either been corrected or were in the process of being corrected at the time of this review. At present FHWA staff is actively following up on the review findings to assure corrective action and performing the same type of review on all States which became MCSAP implementation States in FY 1987. A task force is in the process of developing the guidelines to be used in all future reviews. This should be accomplished by the end of FY 1988.

SENATOR LAUTENBERG: List the accomplishments (i.e. results or actions taken) because of reviews conducted by this office.

ANSWER: **FY 1987**--1. Managing Unexpended Balances of Obligated Funds. Recommended Federal Highway Administration (FHWA) Headquarters develop and periodically furnish to field offices information comparing unexpended balances of obligated funds to available unobligated balances for assistance in maximum utilization of funds. Recommendations were not adopted.

2. Bridge Replacement Program - Unit Cost Determination. Instructions were issued to FHWA field offices clarifying the requirements for development of bridge unit costs and for monitoring the program.

3. Contaminated Sites: Impact on Highway Project Development and Construction. Information gathered during the review will be used by the FHWA Office of Environmental Policy in developing guidance to field offices stressing early detection and involvement.

4. Research, Development, and Technology Contract and Staff Research Program. The study recommendations to improve the process for preparing the annual research program and to move FHWA toward more basic research are being implemented. Another study recommendation to proceed with a two-phase feasibility study of the concept of establishing a national program at the Turner-Fairbank Highway Research Center is under way in Phase I.

5. Incentive/Disincentive for Early Contract Completion. Specific recommendations to improve project selection, the development of contract times and amounts, the development of special provisions, and overall documentation are being implemented.

FY 1988--FHWA Training System Review. The study determined that FHWA's internal training program is meeting the goals of the FHWA Training Policy. This includes a clear articulation of training goals, development of timely course

schedules, and an excellent track record of scheduled courses being presented.

UNIVERSITY TRANSPORTATION RESEARCH

SENATOR LAUTENBERG: List the universities receiving FHWA contract funds, including purpose of the contract and cost.

ANSWER:

1. University: New Mexico State University
   Cost : $9,090
   Purpose: For a presentation of the training course, "Practical Bridge Inspection" to the Minnesota Department of Transportation.
2. University: Massachusetts Institute of Technology
   Cost: $23,228
   Purpose: For a research study, "Life Cycle Cost Analysis"
3. University: Regents of the University of Michigan
   Cost: $73,562
   Purpose: For two research studies related to heavy trucks, "Techniques for Improving the Dynamic Ability of Multi-Trailer Combination Vehicles" and "Safety Implications of Various Truck Configurations."
4. University: Texas A&M Research Foundation
   Cost: $67,604
   Purpose: For three research studies related to pavements and structures, "Verification and Extension of Previously Developed Pavement Analysis and Drainage Models," "The Pressuremeter Test," and "Improved Prediction of Equivalent Axle Loads."
5. University: Texas Transportation Institute
   Cost: $124,980
   Purpose: For a research study, "Measurement of Heavy Vehicle Impact Forces and Inertia Properties."
6. University: University of Florida
   Cost: $23,961
   Purpose: For computer program maintenance and support on "Arterial Analysis" program.
7. University: University of North Carolina
   Cost: $4,301
   Purpose: For technical assistance in implementing the UPACE computer program. This program compares alternatives costs for upgrading roadside utility pole installations.
8. University: University of Pittsburgh
   Cost: $205,110
   Purpose: For a research study related to roadway structures, "Variable Amplitude Load Fatigue."
9. University: University of Tennessee
   Cost: $20,000
   Purpose: For a research study related to signals at railroad-highway grade crossings, "Evaluation of Warning Times for Active Traffic Control Devices at Railroad-Highway Crossings."

PERFORMANCE BONUSES FOR SES EMPLOYEES

SENATOR LAUTENBERG: Provide a list by office of those receiving SES Bonuses for Fiscal Years 1986 and 1987, and amount received.

ANSWER: As requested, following is a list by office of SES Bonuses for Fiscal Years 1986 and 1987, and amount received:

Fiscal Year 1986

Office of the Executive Director:
- Richard D. Morgan, $13,700.00

Associate Administrator for Engineering and Program Development:
- Ronald E. Heinz, $7,600.00
- Bob B. Myers, $4,750.00

Associate Administrator for Research, Development and Technology:
- David K. Phillips, $7,800.00
- George M. Shrieves, $4,750.00

Associate Administrator for Safety and Operations:
- Howard C. Hanna, $4,750.00
- Sheldon G. Strickland, $4,600.00

Associate Administrator for Policy:
- Anthony R. Kane, $6,850.00

Associate Administrator for Right-of-Way and Environment:
- Ali F. Sevin, $4,750.00
- Eugene W. Cleckley, $4,600.00

Associate Administrator for Motor Carriers:
- John P. Eicher, $4,750.00

Associate Administrator for Administration:
- Daniel Markoff, $7,800.00
- George S. Moore, $4,750.00

Region 1, Albany, New York:
- John G. Bestgen, $6,850.00

Region 7, Kansas City, Missouri:
- E. Dean Carlson, $6,850.00

Region 9, San Francisco, California:
- Edwin M. Wood, $7,000.00

Region 10, Portland, Oregon:
- M. Eldon Green, $4,750.00

Fiscal Year 1987

Office of the Federal Highway Administrator:
- H. Joseph Rhodes, $9,550.00

Associate Administrator for Policy:
- Gary E. Maring, $4,125.00
- David R. McElhaney, $4,125.00

Associate Administrator for Research, Development and Technology:
- Lyle G. Saxton, $4,125.00

Associate Administrator for Engineering and Program Development:
- David S. Gendell, $9,550.00
- Lawrence A. Staron, $6,400.00
- Norman J. Van Ness, $6,400.00
- Kevin E. Heanue, $4,125.00
- Thomas O. Willett, $4,125.00

Associate Administrator for Safety and Operations:
- Marshall Jacks, Jr., $6,575.00
- R. Clarke Bennett, $4,125.00
- Dennis C. Judycki, $4,125.00

Associate Administrator for Administration:
- Daniel Markoff, $9,825.00
- Roy S. Marcey, $4,125.00
- Margarita Moncada, $4,125.00
- Rosalie R. Wilson, $4,125.00

Region 3, Baltimore, Maryland:
- George R. Turner, $6,400.00

Region 4, Atlanta, Georgia:
- Leon N. Larson, $6,400.00

SENATOR LAUTENBERG: How many FHWA employees are in the Senior Executive Service? What percentage is this of total employment?

ANSWER: On March 1, 1988, there were 57 FHWA employees in the Senior Executive Service. This constitutes 1.53 percent of total FHWA employment.

HIGHWAY RESEARCH AND DEVELOPMENT

SENATOR LAUTENBERG: Last year FHWA stated that it did not have a 5-year plan for its research and development effort but a multi-year plan was being developed (page 617 of Senate Hearings Report 100-354, Part 1). What is the status of that effort?

ANSWER: The multi-year plan for RD&T is developed around High Priority National Program Areas (HPNPA's) which are selected by top FHWA management. In FY 1988, work was initiated on 13 HPNPA's, each of which encompasses several contract studies. These studies will be initiated over a 3- to 5-year period. The HPNPA's are fully planned from the initiation point to permit sequencing the individual studies in the most productive manner and to provide technical output from one study to others as needed. A list of the current HPNPA's follows:

High Priority National Program Areas (HPNPA)
FY 1988 RD&T Program

Category	HPNPA
SAFETY	1. Work Zone Traffic Control
	2. Visibility of Traffic Control Devices
	3. Guardrails and Median Barriers
	4. Advanced Testing Methods and Analysis Procedures
	5. Truck/Highway Safety
TRAFFIC OPERATIONS	1. Improved Freeway Control Systems for Congestion Reduction
	2. Development of Improved Traffic Analysis Tools
PAVEMENTS	1. Truck/Pavement Interaction
	2. Performance-Related Specifications (PRS) for Highway Construction
STRUCTURES	1. Live Load Effects
	2. Prestressed Concrete Protection
	3. Cost-Effective Foundations
	4. Steel Bridge Coatings

SENATOR LAUTENBERG: Briefly describe the relationship of FHWA with the Strategic Highway Research Program (SHRP).

ANSWER: SHRP was established by Section 128 of Public Law 100, Surface Transportation and Uniform Relocation Assistance Act of 1987. A cooperative agreement was entered into by FHWA with the American Association of State Highway and Transportation Officials and the National Academy of Sciences on May 29, 1986, to carry out the program. SHRP was established as a separate element of the National Research Council which is the operating arm of the National Academy of Sciences.

SHRP is managed by a 15-member Executive Committee that is appointed by the Chairman of the National Research Council. The Federal Highway Administrator and the FHWA Executive Director are ex-officio members of the Executive Committee. Procedures have been established by FHWA for the administration and financing of SHRP. FHWA has been actively involved in the development of SHRP from the start. The original study which pointed out the need for a Strategic Research Program, was funded by FHWA and conducted by the Transportation Research Board. FHWA provided loaned staff and contractor support for the SHRP pre-implementation activities.

SENATOR LAUTENBERG: What level of funding does the Federal Government provide for SHRP?

ANSWER: Federal funding comes from a 1/4 of 1 percent set aside of Federal-aid highway construction funds as authorized in Section 128(d) of Surface Transportation and Uniform Relocation Assistance Act of 1987. SHRP is a 5-year program and Federal funds of approximately $30 million are provided each year (FY87-91) for a total of $150 million.

SENATOR LAUTENBERG: What are the primary areas that SHRP will be involved in?

ANSWER: The primary technical areas that SHRP will be involved with are:

Asphalt characteristics - Basic research on asphalt to develop performance related specifications. ($50 million)

Pavement performance - Long term field observation of in-service pavements. ($50 million)

Highway operations - Research on maintenance cost effectiveness and snow and ice control. ($28 million)

Concrete and Structures - Basic research on cement and concrete as well as protection of concrete bridge components. ($22 million)

SENATOR LAUTENBERG: Will this duplicate the work of FHWA's highway safety research and development efforts?

ANSWER: No. There is only one SHRP study that is safety related. It deals with maintenance work zone safety and it complements FHWA activity in construction work zone safety.

OREGON GRADUATE CENTER

SENATOR LAUTENBERG: For the past couple of years, funds have been provided to the Oregon Graduate Center for research into welding procedures. Briefly describe that work, the status of the research, and the funds expended to date.

ANSWER: The objectives of this multi-year Congressionally mandated study are to:

1. determine the effects of thermal cutting on the mechanical properties of steel plates,
2. determine the magnitude of the weld induced residual stresses,
3. develop weld repair procedures for bridges while subjected to truck traffic, and
4. develop procedures and specifications for repair of electroslag welds.

The FHWA has provided $703,000 to the Oregon Graduate Center (OGC) for this study. Approximately $420,000 has been expended for the study and approximately 40 percent of the existing work has been completed.

Another $310,000 for additional work will be provided to the OGC in FY 1988. This will bring the total contract funding to $1,013,000 which is sufficient to finish this research study by the estimated completion date of September 29, 1990.

The final research results will include specifications for electroslag weld repair and a final report documenting the research findings.

TRANSPORTATION RESEARCH BOARD (TRB)

SENATOR LAUTENBERG: List the Transportation Research Board's contracts with the Federal Highway Administration. Briefly describe the scope of the contract, length, associated costs and expected product.

ANSWER: Contract No. DTFH6187-C-00037
Effective Date: January 9, 1987
Estimated Completion Date: September 30, 1989
Period of Performance: 32 months
Total Estimated Costs: $1,854,975
Cost-Reimbursement Contract (no fee)
Contract requires TRB to perform correlation services for a nationally coordinated program of research, development, and technology.

EXCLUSION OF TRUST FUND INTEREST

SENATOR LAUTENBERG: The Administration again proposes excluding interest earned by the Highway Trust Fund in deriving the Fiscal Year 1989 and out year funding levels. Why doesn't FHWA count interest for supporting a higher obligation ceiling?

ANSWER: The proposed FY 1989 budget is "deficit neutral," that is, the obligation level is equal to projected tax receipts, that is, without considering interest. The expenditure of Treasury interest payments for highway programs would place an additional burden on the general taxpayer at a time when there is a government-wide effort to reduce the Federal deficit.

In addition, by not adding the amount of the interest payments to the FHWA budget, budget reductions required by the Gramm-Rudman deficit targets may not be as severe. In any event, interest accrued in the Trust Fund is available for use at a later time, as the deficit problem is resolved.

SENATOR LAUTENBERG: Aren't you (or OMB) not including interest to support a higher obligation ceiling simply to help overall budget deficit calculations?

ANSWER: Under the terms of Gramm-Rudman-Hollings Act, all receipts and expenditures of the Federal Government are included in the calculation of the Federal deficit. Whether the deficit targets specified in law are met depends on the balance between total receipts and total expenditures of the government, including trust funds. Even the off-budget Social Security Trust Fund, although exempt from sequestration, is included in the deficit calculation. The cash balances of trust funds do not figure at all in the calculation of the deficit.

Also, the amount of the cash balance in the Highway Trust Fund can be misleading. At the end of FY 1987, there was nearly $9.5 billion in the Highway Account of the Trust Fund, but commitments against the balance totaled almost $30 billion. So while there is a large cash balance, if the program had stopped at the end of last year, taxes would have had to be collected for another year and a half to pay off old bills.

REVENUE ESTIMATES

SENATOR LAUTENBERG: Gasoline tax receipts into the Highway Trust Fund go from $8.8 billion in Fiscal Year 1987 to an estimated $9.5 billion in 1988 to an estimated $9.3 billion in Fiscal Year 1989. How were these estimates derived?

ANSWER: The Department of the Treasury in cooperation with the Federal Highway Administration, makes semi-annual projections of Federal Highway Trust Fund receipts for budgeting purposes. These predictions are based on estimates of future changes in population, vehicle miles of travel and the gross national product, as well as other critical factors such as interest rates and crude oil prices.

SENATOR LAUTENBERG: What accounts for the increase in gasoline tax receipts from 1987 to 1988 and the subsequent decrease from 1988 to 1989?

ANSWER: The Tax Reform Act of 1986 moved the point of taxation for gasoline to the major terminal level. This is expected to provide a substantial increase to the Highway Trust Fund beginning in FY 1988 due to reduced tax evasion. The shift in point of taxation is causing a one-time revenue increase in FY 1988 attributable primarily to the payment of taxes earlier in the process. The Act also eliminated ex-tax sales of gasoline to local governments and nonhighway users. Such users must now apply for refunds. This also contributes to the one-time revenue increase to the Highway Trust Fund in FY 1988 due to the lag that exists between the time the tax is paid and the time reimbursements are made. Another reason for the larger than expected difference between FY 1987 and FY 1988 is that FY 1987 included a downward adjustment for a prior year overstatement of tax revenues.

SENATOR LAUTENBERG: Diesel fuel tax receipts show a steady increase from Fiscal Year 1987 to Fiscal Year 1989. What accounts for these increases of approximately 6 percent each year?

ANSWER: Diesel fuel tax receipts are expected to increase more than usual in Fiscal Years 1988-1989 due to changes in the point of taxation brought about by the passage of the Omnibus Budget Reconciliation Act of 1987. Tax evasion is expected to diminish, and the shift in point of taxation is expected to cause a one-time revenue increase due to accelerated payment of taxes. Other factors include the substantial shift from gasoline to diesel engines in trucks, and a relatively strong economic environment for trucking.

SENATOR LAUTENBERG: How much of the increase (percent and dollars) is attributable to the crackdown on diesel fuel tax cheats?

ANSWER: It is anticipated that an additional $188 million more in diesel fuel revenue will be collected during the 9 months the new tax law is in effect in FY 1988. The figure is expected to increase to $250 million in FY 1989 and the years beyond. An extra $250 million represents an increase of about 9 percent over the $2.8 billion in diesel fuel revenues collected in FY 1987.

SENATOR LAUTENBERG: Does FHWA have an estimate on the amount of tax receipts lost due to fuel tax cheating?

ANSWER: Based upon information provided in testimony before Congress and provided by State fuel tax officials, FHWA has estimated that evasion of fuel taxes ranges from the conservative estimates of Treasury at $450 million per year to as much as $1.5 billion per year.

BID-PRICE INDEX

SENATOR LAUTENBERG: For the record provide by State the annual price trends for Federal Aid Highway Construction for Fiscal Years 1985, 1986, and 1987.

ANSWER: The annual price trends for Federal Aid Highway Construction are compiled by calendar year. For calendar years 1985, 1986, and 1987, the bid-price indices by State, compiled from contract awards for Federal Aid construction contracts greater than $500,000 (other than those for the Secondary Highway System) are shown below:

REGION	STATE	COMPOSITE BID-PRICE INDEX*		
		1985	1986	1987
1	Connecticut	170.2	319.0	255.4
	Maine	201.1	299.5	209.0
	Massachusetts	178.1	177.1	347.7
	New Hampshire	174.7	165.3	167.1
	New Jersey	167.3	215.8	264.7
	New York	225.4	286.4	286.0
	Rhode Island	187.2	179.4	210.7
	Vermont	232.1	230.8	216.1
	Puerto Rico	132.8	136.8	178.5
2	Delaware	257.7	170.4	137.7
	District of Columbia	174.7	164.5	196.6
	Maryland	181.5	210.2	232.7
	Pennsylvania	189.6	172.8	204.7
	Virginia	147.5	156.7	173.2
	West Virginia	120.9	116.7	191.1
4	Alabama	177.9	162.2	176.8
	Florida	163.2	181.0	176.9
	Georgia	252.1	233.0	216.6
	Kentucky	171.2	158.5	170.8
	Mississippi	173.8	153.6	162.1
	North Carolina	180.0	187.5	175.0
	South Carolina	196.3	169.5	232.4
	Tennessee	144.6	153.6	152.2
5	Illinois	159.7	161.6	165.6
	Indiana	186.6	175.5	154.8
	Michigan	153.7	174.4	168.1
	Minnesota	152.3	177.7	179.2
	Ohio	177.5	182.6	229.3
	Wisconsin	168.5	150.7	170.7
6	Arkansas	156.3	158.1	157.6
	Louisiana	133.7	145.3	129.2
	New Mexico	180.9	199.5	192.8
	Oklahoma	159.2	148.5	156.5
	Texas	134.8	155.5	135.6
7	Iowa	170.7	164.2	162.9
	Kansas	196.3	179.2	190.1
	Missouri	180.8	179.1	157.6
	Nebraska	149.9	139.9	133.0
8	Colorado	191.0	171.4	164.1
	Montana	194.7	198.9	160.6
	North Dakota	167.1	154.1	151.7
	South Dakota	184.7	175.7	148.9
	Utah	163.7	170.4	149.5
	Wyoming	183.6	143.7	134.8
9	Arizona	210.3	221.6	208.1
	California	182.6	205.1	211.6
	Hawaii	226.8	317.6	198.5
	Nevada	178.7	184.3	201.9
10	Alaska	122.9	118.2	0.0
	Idaho	156.4	153.7	173.3
	Oregon	201.0	192.5	215.5
	Washington	166.8	156.2	145.6

*Represents 1977 values equalling 100.

SENATOR LAUTENBERG: For the record, provide by each major component that makes up the Bid-Price Index the same price trend information for fiscal years 1985, 1986 and 1987.

ANSWER: The bid-price index for each major component that makes up the composite bid-price index for calendar years 1985, 1986 and 1987 are shown below.

COMPONENT	BID-PRICE INDEX		
	1985	1986	1987
Common Excavation	192.3	196.0	208.3
Portland Cement Concrete	143.7	157.0	148.7
Bituminous Concrete	184.4	171.2	159.3
Reinforcing Steel	163.4	162.5	162.0
Structural Steel	153.0	163.4	170.3
Structural Concrete	169.7	164.7	167.8

SENATOR LAUTENBERG: Also provide the weights assigned to each component that make up the bid price index (for both interstate and non-interstate construction).

ANSWER: The weights assigned to each component that make up the bid-price index (for both interstate and non-interstate construction) are based on 1977 quantities and prices and are shown below.

COMPONENT	WEIGHT
Common Excavation	21
Portland Cement Concrete	12
Bituminous Concrete	24
Reinforcing Steel	7
Structural Steel	15
Structural Concrete	21
TOTAL	100

SENATOR LAUTENBERG: Is there any evidence (or studies by FHWA) that correlates the bid-price index with the level of obligations made in a fiscal year?

ANSWER: There is no evidence (or studies by FHWA) that correlates the bid-price index with the level of obligations made in a fiscal year. Expenditures are only one of the many factors that may cause fluctuations in the bid price index.

QUESTIONS SUBMITTED BY SENATOR HARKIN

SENATOR HARKIN: We have had a cap on our Highway Trust Fund expenditutes for a long time. At the very end of the conference on the continuing resolution, it became apparent that the Appropriations Committee would have to reduce the obligation ceiling by 5 percent because of the funding limits and because of the way that the Budget Committee scored the sale of preference shares. Iowa DOT can only spend 83.9 percent of its authorized allocation. Iowa has about $100 million in impounded funds.

And, I see that the Administration Budget proposed a further reduction in the obligation level.

What does your Department believe should be done to assure that the backlog in the Highway Fund which has been impounded will be released for their very needed purpose?

ANSWER: The proposed total obligations under the Federal-aid highway program are based on a deficit neutral policy. Under this policy, obligations are set equal to expected revenues to the HTF not including interest on the HTF balance. The interest on the HTF will continue to accrue to the HTF and by law can only be used for the Federal-aid highway program. Once the deficit situation improves, we are committed to seeking higher funding levels for the Federal-aid highway programs to utilize the balance that has accumulated as a result of this deficit neutral policy. In the interim, however, the highway program must do its part in helping to address the Federal deficit problem.

EARLY LAPSE OF INTERSTATE CONSTRUCTION FUNDS

SENATOR HARKIN: As you are aware, the 1987 Surface Transportation Act contains a provision which permits States to voluntarily reduce the period of availability of their formula Interstate Construction apportionments one year and still be eligible for Interstate Construction Discretionary funds the following year. I understand that nine States took advantage of this provision and voluntarily lapsed over $1.1 billion in Interstate Construction funds.

Can you give your best estimate of how many States are likely to take advantage of this provision this year and the amount of funds which may be lapsed in those States?

ANSWER: We cannot predict those States which will elect to use the early lapse provision. Currently, 14 States, excluding 1/2% States, have FY 1989 unobligated funds which could be lapsed early. However, only two States, Oregon and North Carolina, have indicated any interest in lapsing FY 1989 Interstate Construction funds early.

IMPACT OF EARLY LAPSE OF INTERSTATE CONSTRUCTION FUNDS OF THE ESTIMATED FY 1989 85 PERCENT MINIMUM ALLOCATION FUNDS

SENATOR HARKIN: The "early lapse" provision for Interstate Construction funds has resulted in an enormous increase in the amount of funds which will be "allocated" this year. Since virtually all allocated funds are now counted when determining the amount of funds necessary to meet the 85 percent "Minimum Allocation" requirement, has FHWA made a preliminary assessment of the impact this "early lapse" provision will have on the amount of funds needed to fulfill the "Minimum Allocation" requirement?

ANSWER: Although we would agree that the "early lapse" will increase the Minimum Allocation apportionment, a true assessment of this impact cannot be determined due to the following factors. To make a realistic calculation we would have to determine which States would have received the FY 1988 Interstate Discretionary (ID) allocations if the "early lapse" amounts had not been available for allocation as ID funds. Since such allocation decisions, based on an ID fund availability which would have excluded the "early lapse" amounts, were never made that factor can never be determined. In addition, we would have to determine what the apportionment factors for the Interstate Construction apportionment would have been based on the remaining cost-to-complete for each State taking into consideration the reduced ID allocations. Since such allocation decisions were never made this also is a major factor that can never be determined. Since the total funds apportioned, including the Interstate Construction, as well as the allocated funds, including the ID, are utilized in determining the State's guaranteed amount and thus the actual Minimum Allocation apportionment, these missing elements of information make it impossible to develop a true assessment of the impact of the "early lapse" on the Minimum Allocation apportionment.

QUESTIONS SUBMITTED BY SENATOR D'AMATO

55 MPH SPEED LIMIT

SENATOR D'AMATO: Senator Moynihan and I have proposed a temporary moratorium on compliance penalties until DOT can evaluate the need to make changes in its speed monitoring program. (e.g., as per GAO recommendations on weighing a variety of State safety factors: seat belt usage; tough drunk driving laws; vigorous truck safety inspection programs; degree of driver speeding in excess of 55 mph--by 5 mph, by 10 mph, etc) DO YOU THINK THIS IS AN APPROPRIATE APPROACH?

ANSWER: No. Any State which might ultimately have an apportionment reduced due to noncompliance with the current statute has the year for which the funds were intended to be apportioned plus 3 more years, to again show compliance and have the funds restored. In effect, a 4-year grace period already exists before a State would permanently lose any funding. Any changes that Congress may enact can be implemented in this timeframe. A moratorium on compliance penalties--regardless of duration--could be construed as a lack of commitment on the part of the Federal Government to enforce speed limit statutes.

SENATOR D'AMATO: I believe that a moratorium could be instituted without legislation because statutory penalties are to be assessed "up to 10%" of States highway aid. Do you see any flexibility there? Will you look into it and report back to us?

ANSWER: It seems clear to the Department that penalty actions must be guided by the statutory language stating that the Secretary "shall reduce the State's apportionment." This language requires action and does not provide flexibility. The "up to" language provides the flexibility to account for mitigating factors, but in the context of deciding a penalty. A decision of zero penalty using the "up to" language is not the intent of this statute.

SENATOR D'AMATO: What is FHWA now doing to assess how well its 55 mph compliance program works to fulfill the safety goals behind the speed limit standard?

ANSWER: While improving highway safety was one of the goals behind the creation of the current speed limit standard, the statutory language ultimately written established compliance as an arbitrary "percent exceeding" the national maximum speed limit. A relationship between a "percent exceeding" statistic to highway safety is extremely difficult, if not impossible, to make. For example, the recently concluded GAO study of the 55 mph speed limit monitoring program could not find a relationship between speed limit compliance rates and fatal accident rates. This study also found that the level of issuance of speed citations by a State does not necessarily relate to the level of compliance with the national maximum speed limit.

SENATOR D'AMATO: In the FY 1988 CR, we permitted the first 20 States to apply to DOT or raise speed limits up to 65 mph on rural Interstates that are connected to high speed Interstate. In addition, these roads must be built to safe standards that approximate Interstate standards.

- HOW MANY STATES HAVE APPLIED TO RAISE THEIR SPEED LIMITS?
- WHAT IS THE STATUS OF THIS PROGRAM?

ANSWER: To date, 16 States have posted approximately 2,000 miles of highway at speed limits above 55 miles per hour under the authority of Section 329(a) of Public Law 100-202. The Federal Highway Administration Division Offices in the participating States have been involved with the State highway agencies in determining eligibility and suitability of each highway section in question.

COMMERCIAL MOTOR VEHICLE DRIVERS LICENSES

SENATOR D'AMATO: What is the status of your rulemaking to implement the new licensing requirements of the Commercial Motor Vehicle Safety Act of 1986?

ANSWER: The FHWA is on schedule implementing the licensing requirements of the Act. Thus far, FHWA has met or exceeded the rulemaking schedule required by the Commercial Motor Vehicle Safety Act of 1986 and is committed to continuing this record.

On June 1, 1987, we published a Final Rule implementing the single license (Section 12002), notification (Section 12003), employer (Section 12004), driver disqualification (Section 12008(a)), and penalty (Section 12012) provisions of the Act. The NPRM on proposed CDL driver testing and licensing standards was published in the **Federal Register** on December 11, 1987, and the final rule for driver testing and licensing standards is due to be published in the **Federal Register** by June 15, 1988 effective by July 15, 1988.

Other activities in support of the license requirements are also well under way. These include:

— Written and skills test materials for proposed testing standards have been completed by the contractor and are now being refined prior to being field tested.

— "Model Legislation" by AAMVA Legal Services subcommittee was reviewed in final draft on 1/06/88 and the revised version is due for distribution to the States later this spring.

— Review and validation of the contractor's final Written and Skills test to be conducted. Projected completion: October 1, 1988.

— Development of methodology process and criteria to determine if State/Foreign testing and licensing meets Federal standards. Projected completion due by October 1, 1988.

— Development of Single License Addendum - The NPRM and Final Rule are due to be published in the **Federal Register** by September 1, 1988.

— Development of CDL Blood Alcohol Content (BAC) Final Rule due to be published by September 27, 1988.

SENATOR D'AMATO: Yesterday, Sen. Karnes and I introduced S. 2116 to exempt fire fighters and farmers from the burden and expense of securing these new licenses. (House companion bill is H.R. 4011, introduced by Rep. Slattery on 2-24-88). What is your view of using a legislative approach to exemptions from the new law?

ANSWER: The FHWA has received numerous requests from farm associations, individual farmers and firefighting companies requesting a waiver from the commercial driver's license (CDL) program. Under section 12013 of the Act, the Secretary may waive, in whole or in part, application of any provision of the Act or any regulation issued with respect to class of persons or class of commercial motor vehicle, if the Secretary determines that such waiver is not contrary to the public interest and does not diminish the safe operation of commercial motor vehicles. The Act requires that an opportunity for comment must be provided before the waiver is granted. The FHWA has purposely delayed action on the waiver requests until after publication and opportunity to comment on the proposed testing and licensing standards which the States would need to meet in issuing CDLs. While the FHWA has received numerous waiver requests from the farm and firefighter groups, we have received little data indicating whether such waivers would diminish the safe operation of a commercial motor vehicle. The absence of reliable data is a consideration in deciding the waiver issue.

SENATOR D'AMATO: Do you think that the safety goals of the 1986 Act can be met without including farmers and fire fighters under its licensing requirements?

ANSWER: The FHWA has reservations regarding the total exclusion of farm and fire equipment vehicle drivers from certain provisions of the Act as proposed in H.R. 4011. For example, the Act prohibits commercial motor vehicle (CMV) operators from possessing more than one driver's license. Drivers obtain multiple licenses in order to spread traffic violations over several driver's licenses and hide a poor driving record. We also believe that drivers of large trucks should possess and demonstrate the minimal level of knowledge and skills needed to operate the vehicle the person intends to drive on a public highway, regardless of how little the driver may operate in a given year. The likelihood of an accident in a CMV can increase not only by increased driving exposure, as exemplified by the typical over-the-road driver, but by CMV drivers having less than the minimal required driving skills. The FHWA has not determined at this time whether the exemption of farm or firefighting equipment, if granted, would not diminish safety.

SENATOR D'AMATO: Will you review applications for administrative exemptions from the new licensing requirements that may be submitted by groups such as fire fighters and farmers? How long will it take to process such applications?

ANSWER: The FHWA will definitely review and consider the waiver exceptions submitted by firefighters and farmers. Under section 12013 of the Act, the Secretary may waive, in whole or in part, application of any provision of the Act or any regulation issued with respect to class of persons or class of commercial motor vehicle, if the Secretary determines that such waiver is not contrary to the public interest and does not diminish the safe operation of commercial motor vehicles. The Act requires that an opportunity for comment must be provided before the waiver is granted. The FHWA has purposely delayed action on the waiver requests until after publication and opportunity to comment on the proposed testing and licensing standards which the States would need to meet in issuing CDLs. That proposed rule was published on December 11, 1987, and the comment period closed on February 9. The FHWA is now reviewing the comments and preparing the final rule. The final standards are required to be issued by July 15, 1988. Final action on any waiver will depend on a number of factors, including the schedule for opportunity to comment by the general public, the number of comments received, and the assessment of whether a waiver, if granted, would not diminish safe operation of a commercial motor vehicle.

HIGHWAY TRUST FUND OBLIGATION LIMIT

SENATOR D'AMATO: The Administration's budget has proposed a $382 million cut in the highway obligation limit from $11.78 billion in FY 1988, to $11.398 billion in FY 1989. Last year's highway bill (P.L. 100-17) authorized an obligation limit of $12.35 billion for FY 1989.

How will this loss in obligation limit affect the ability of States to meet their highway needs? (NY State will lose about $19 million under this proposal)

ANSWER: The proposed total obligations for the Federal-aid highway program are based on a deficit neutral policy. Under this policy, obligations are set equal to expected revenues to the HTF not including interest on the HTF balance. The interest will continue to accrue to the HTF and by law can only be used for the Federal-aid highway program. While this reduction in spending for the highway program is unfortunate, it is necessary that Federal-aid highway program do its part in helping to address the Federal deficit problem by not contributing to the deficit. The reduction in obligation limit means that the States will be able to use less of their unobligated balances. However, we believe that if the States carefully review their priorities they will still be able to address their critical highway needs under the reduced obligation limit. Once the deficit situation improves, we are committed to seeking a higher program level that will utilize the balance that has accumulated in the HTF due to the deficit neutral policy.

WESTWAY TRADE-IN

SENATOR D'AMATO: The Administration's budget proposes to combine the Interstate Transfer-Highway program with the Interstate Transfer-Transit program into one program funded at $123 million less than the current two programs. Such a proposal would require Congress to enact legislation.

Last year, New York State (NYS) received $21.9 million from the transit Trade-in program (proposed to be deleted). If your proposal was enacted by Congress, how many years would it take for NYS to recoup the Westway Trade-in of 1985? (for the record)

ANSWER: It will take one additional year for New York to recoup the Westway Trade-in. Under the current authorization levels for the program, the expected date to complete Interstate substitute projects is 1993. Under the Administration's budget proposal, the anticipated date of completion is 1994. Since the Westway Trade-In requires a significant portion of Interstate substitution funds, the date of completion for New York State Interstate substitute projects is expected to correspond to the date of completion for all substitute projects.

SENATOR D'AMATO: The longer the Westway trade-in takes to complete, the more NYS loses because trade-in funds are not keyed to inflation and do not include interest (Interstate construction funds do include these items). Your testimony reflects the important goal of completing the remaining 417 mile of the national Interstate highway (by 1991). Under proposed FY 1989 budget, how will FHWA also meet its obligations to states that have traded-in projects?

ANSWER: The Department will continue to support the completion of the substitution program. The Surface Transportation and Uniform Assistance Act of 1987 (1987 STURAA) provided $940 million for substitute highway and transit projects each year through fiscal year 1991. At that level, completion of funding could be projected with the fiscal year 1993 authorization. At the combined program level proposed in the budget, funding would be completed with the fiscal year 1994 authorization, a one-year extension. This one-year extension is not expected to have a significant impact on the program in the individual withdrawal areas. Further legislation will be required to consider funding levels beyond fiscal year 1991 (the last year substitute funds were authorized under the 1987 STURAA).

THANKS TO MR. FARRIS

Senator LAUTENBERG. It is obvious that you are going to be thorough, Mr. Farris. I see that you are a thorough individual. And I respect that. I compliment you on your willingness to take this assignment.

I also would urge you to keep beating the drum on behalf of expansion of highway development funding, road development, and to step up to the task that you know we have in front of us as a nation to make that system as efficient and as encompassing as we can. So I thank you very much for that.

SUBCOMMITTEE RECESS

Our next hearing of the subcommittee is scheduled for March 17. That is Thursday morning at 10 a.m. in the same room. We are going to be discussing National Transportation Safety Board and the Research and Special Programs Administration. Thank you very much for being with us.

[Whereupon, at 12:15 p.m., Thursday, March 3, the subcommittee was recessed, to reconvene at 10 a.m., Thursday, March 17.]

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1989

THURSDAY, MARCH 17, 1988

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:12 a.m., in room SD–124, Dirksen Senate Office Building, Hon. Frank R. Lautenberg (chairman) presiding.

Present: Senators Lautenberg, Harkin, and D'Amato.

NATIONAL TRANSPORTATION SAFETY BOARD

STATEMENT OF JAMES BURNETT, CHAIRMAN

ACCOMPANIED BY:
PETER KISSINGER, MANAGING DIRECTOR
CHARLES BATTEN, CHIEF, HAZARDOUS MATERIALS AND PIPELINE ACCIDENT DIVISION

OPENING REMARKS

Senator LAUTENBERG. Sorry for this tardy start. I wanted to make sure that the nation wasn't at war and had a meeting with the Secretary of State this morning to find out. I just thought it would be nice to know.

I call this hearing of the Subcommittee on Transportation to order. Today we will be examining the budget program proposed for the NTSB and the Research and Special Projects Administration. Both these agencies have important functions directly related to the improvement of safety in our transportation system, so their plans and activities are of particular interest to this subcommittee.

The Chairman of the NTSB, Mr. Jim Burnett, will present a more detailed explanation of the Board's requests. I will just note that the total fiscal 1989 appropriation proposed by the administration is $24.6 million, which would support 313 work-years.

This would cut the Board's current staff by 11 people. It's hard to see how the Board is going to accomplish its mission with fewer staff, but perhaps there are those in the administration who would just as soon we not have an effective safety watchdog.

One of the important issues I intend to discuss with Chairman Burnett this morning is the growing threat of midair collisions as well as the number of air accidents that beset us last year.

We must find ways to improve our air traffic control system until the new technology promised for the future is actually available. There may be some interim improvements that are both feasible and workable.

Following Chairman Burnett we will hear from Ms. Cynthia Douglass, the Administrator of the Research and Special Programs Administration. RSPA has a diverse portfolio, but above all, it is the lead agency for the hazardous materials and pipeline safety programs.

In fiscal 1989, requests for RSPA total $25.3 million and 723 positions. This represents an increase of $3.9 million and 10 positions.

Last year the subcommittee raised a number of questions about the effectiveness of RSPA's regulatory and enforcement programs in the hazardous materials and pipeline safety areas. A massive volume of dangerous material passes through our communities every day on all modes of transportation.

There are about 200 million shipments of hazardous materials each year, and that number is going to grow as the economy expands, but according to last year's testimony there are only 57 full-time inspectors and a part-time work force of 1,369 to police the handling of these materials.

Moreover, these part-time modal inspectors actually devote only between 3 and 15 percent of their time to hazardous materials inspections, except for the Coast Guard. As a result, the Department has less than 300 staff-years committed to the surveillance of hazardous materials transportation.

This budget is not going to correct these deficiencies. The modest increases it proposes, while moving in the right direction, will add only three hazardous materials inspectors to the current RSPA work force of 13. We will be discussing these and related issues with Ms. Douglass today.

Now I am pleased to welcome Mr. Jim Burnett, the Chairman of the National Transportation Safety Board, for whom we have very high regard. Mr. Chairman, we are pleased to have you here.

STATEMENT OF JIM BURNETT

Mr. BURNETT. Mr. Chairman, once again, it is a pleasure to represent the NTSB at this hearing. I look forward to a candid review of transportation issues with you and the other members of this committee. We at the Safety Board are most grateful for your active interest in transportation safety issues.

I would like to introduce Mr. Peter Kissinger, Managing Director of the Safety Board, sitting with me at the table. Behind me are members of my senior management team who are available to respond to questions if the need arises. These people, supported by a highly professional staff, are the backbone of our agency. My colleagues and I are very proud of their considerable accomplishments.

AVIATION ACCIDENT STATISTICS

Following on the heels of one of commercial aviation's safest years, the increases in both accident and fatal accident rates in 1987 created an atmosphere of growing public concern about airline safety. They also created a heavy workload for the Safety Board.

Air carrier accidents reached a 13-year high with 31 accidents, resulting in 231 deaths. This was the most in terms of accidents, total accidents since 42 accidents occurred in 1974, although it should be noted that departures have increased by almost 50 percent since then.

MIDAIR COLLISIONS

Another concern is the number of midair collisions in the past 2 years. We have issued reports on three major midair collisions that occurred in 1987, and issued a report on the Aero Mexico DC–9 midair collision with a Piper over Cerritos, CA, that occurred in 1986.

In all of these accidents the air traffic controllers failed to discern the merging targets. This is not intended to fault the controllers involved, but to point out limitations in the terminal area ATC system. If the system had a conflict alert feature, which included non-ATC participating traffic, a technologically feasible enhancement, the accidents may not have occurred.

NEAR MIDAIR COLLISIONS

It was not only aviation accidents that captured the Safety Board's attention in 1987. The number of near midair collisions involving air carriers mounted sharply from 343 in 1986 to 484 last year, an increase of 41 percent. The 343 figure was up from 240 in 1985.

Mr. Chairman, that represents a doubling of the number of reported near midair collisions in 2 years, those involving air carriers at least.

There is some good news to report, however, and that is the February 12, 1988, Notice of Proposed Rulemaking published by the FAA on the subject of upgraded cockpit voice recorders and flight data recorders.

The recent NPRM reflects the Board's recommendations of many years and we eagerly await final adoption of this rule. The Safety Board appreciates the active support we have received from this committee in trying to accomplish this long-term goal.

CHASE, MD, AMTRAK ACCIDENT

Activities in other modes of transportation included a yearlong investigation of the Chase, MD, Amtrak accident. As you know, the Board determined that marijuana impairment was causal. This accident emphasized the Safety Board's concerns about the potential for drug or alcohol involvement in public transportation.

One of the Safety Board's major safety objectives of the past decade, rules governing alcohol and drug use by railroad employees, was achieved in 1985 with the promulgation of the FRA final rule on control of alcohol and drug use in railroad operations.

The rule requires post accident toxicological testing for all hours-of-service employees involved in accidents that meet certain criteria. It also urges railroads to adopt reasonable cause testing and calls for preemployment drug screening.

As we discussed at the appropriations hearing last year, the Board favors this approach over random testing as a more effective way to single out offenders. The reasonable cause testing provisions in the FRA alcohol and drug rule are not mandatory for railroads to adopt.

The Safety Board believes that reasonable cause testing should be a mandatory component of a railroad's alcohol and drug program, and by reasonable cause we mean testing following evidence of deficient performance, not necessarily direct evidence of drug involvement.

Unfortunately many railroads thus far have failed to embrace this provision. The recent Ninth Circuit Court of Appeals decision invalidating the rule further clouds the picture.

COMMERCIAL AND LARGE SCHOOLBUS SAFETY

In the highway mode, the Safety Board continued to promote safer operations for commercial and large school buses.

The Board's attention focused heavily on issues involving commercial driver oversight and qualifications and in addition, we are in the second phase of a long-term study of heavy truck safety.

In the marine mode, the Safety Board has focused attention on inadequate safety precautions in the fishing industry. We also are monitoring passenger vessel safety.

Hazardous materials and pipeline issues pursued have included tank car safety, classification and shipment of hazardous materials, and pipeline inspection and corrosion.

BUDGET REQUEST

For the sake of brevity I will turn now to our budget request and then respond to your questions. For fiscal year 1989 the Board is requesting $24,617,000. Due to several uncontrollable increases in costs for items such as pay raises, inflation, uncontrollable administrative overtime, travel, office space, and the new retirement system, this apparent increase over fiscal year 1988 is insufficient to allow the Board to maintain its staff at current levels.

In fact, the dollar resources we are requesting will only allow the Board to maintain a 313 full-time-equivalent staffing level, which is 11 positions below both our fiscal year 1988 level of 324.

The Safety Board will do its part to make the necessary sacrifices and support efforts of the President and the Congress to reduce the federal deficit. However, we expect the impact of reduced staffing to be felt throughout the agency.

As in the past, the Safety Board will continue to emphasize improved efficiency, productivity, and cost savings.

Mr. Chairman, that concludes my summary and I thank this committee once again for its valued support for the Safety Board and its safety recommendations.

PREPARED STATEMENT

Senator LAUTENBERG. Thank you very much, Mr. Burnett. Your comlete statement will be made part of the record.

[The statement follows:]

STATEMENT OF JIM BURNETT

Mr. Chairman, once again it is a pleasure to represent the National Transportation Safety Board at this hearing. I look forward to a candid review of transportation issues with you and the other Members of this Committee. We at the Safety Board are most grateful for your active interest in transportation safety issues.

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AVIATION

Accident Statistics

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Among the worst accidents were the crash after takeoff from Detroit Metropolitan Wayne County International Airport of a Northwest Airlines MD-82 in August which claimed the lives of 156 people, and the crash in November of a Continental Airlines DC-9 at takeoff from Denver's Stapleton International Airport, killing

28. In addition, a Pacific Southwest Airlines BAe-146 plummeted to earth in California, killing all 43 aboard, although this crash is thought to be the result of sabotage.

In the commuter or regional airline field, there was also a sharp turnabout from 1986. There were 35 accidents, the highest since 1980, resulting in 58 fatalities.

Only general aviation continued a downward trend in accident and fatal accident rates, for the fifth year in a row.

Midair Collisions

Another concern is the number of midair collisions in the past two years. We reported on two of three major accidents that occurred in 1987: a collision in January between an Army Beechcraft and a Piper Archer near Independence, Missouri that killed six people, and a collision in May between a single-engine T-6 and a Cessna near Orlando, Florida, resulting in four fatalities. The report of another January collision, between a Sky West Airlines Swearingen Metroliner and a single engine Mooney over Kearns, Utah, killing ten, will be acted on by the Safety Board next week. In both accident reports issued, the Board cited limitations of the "see and avoid" system as a means of collision avoidance.

The Board also issued its report on the Aero Mexico DC-9 midair collision with a Piper over Cerritos, California this past year, along with additional safety recommendations regarding corrective measures to prevent midair collisions.

In all of these accidents, the air traffic controllers failed to discern the merging targets. This is not necessarily intended to fault the controllers involved, but to point out limitations in the terminal area ATC system. If the system had a conflict alert feature, which included non-ATC participating traffic -- a technologically feasible enhancement -- the accidents may not have occurred.

Near Midair Collisions

But it was not only accidents that captured the Safety Board's attention in 1987. The number of near midair collisions involving air carriers mounted sharply -- from 343 in 1986 to 484 last year -- an increase of 41 percent. And the 343 figure was up from 240 in 1985.

These near collisions, combined with an increase in runway incursions and controller operational errors, heightened the Safety Board's concerns. As a result of investigations conducted at several FAA air traffic control facilities, in May the Safety Board issued four recommendations to the FAA, calling for immediate action to prevent continued increases in traffic levels, planned holding patterns, identification of control sectors that had the potential to become saturated, and the use of flow control measures to meter traffic. In addition, we called for no further relaxation of flow control measures, including reductions in in-trail restrictions.

Although the FAA initially told the Board that no changes were necessary, the Secretary of Transportation and the FAA later acknowledged the fact that flow control improvements were needed and introduced new procedures. These included the monitoring of traffic and the attempted projection of potential overload situations in specific enroute sectors and terminal facilities.

The Board remains concerned, however, that implementation of enhanced computer predictive program capabilities --

originally promised last September -- has been pushed back to at least June, leaving us with the prospect of the beginning of another peak season without this important traffic monitoring capability.

CVRs/FDRs

There is some good news to report, however, and that is the February 12, 1988 Notice of Proposed Rulemaking (NPRM) published by the FAA on the subject of upgraded cockpit voice recorders (CVRs) and flight data recorders (FDRs).

Efforts by the Safety Board and the Congress to obtain upgraded requirements for the use of FDRs and CVRs have faced a long, uphill battle. Over the years the Board has had difficulty persuading the FAA to improve recorders on larger commercial jets and to expand their use on commuter and some corporate aircraft, despite the proven value of these recorders as a vital tool in accident investigations and in identifying key safety issues to prevent similar accidents in the future.

On March 25, 1987, the Secretary of Transportation announced a requirement for installation of CVRs on newly-manufactured turbo-propeller commuter aircraft, carrying six passengers or more and having two pilots. The Secretary also called for installation of digital flight data recorders on older jet aircraft, replacing the foil-type versions currently required.

However, the FAA's 1987 rulemaking was substantially less than that sought by the Board, and in June we issued an updated recommendation letter as a guide for future rulemaking in this area. The recent NPRM more fully reflects the Board's recommendations, and we eagerly await final adoption of this rule. The Safety Board appreciates the active support we have received from this Committee in trying to accomplish this long term goal.

Foreign Accidents

The continued growth of U.S. airlines operating overseas, the tremendous growth of U.S. aircraft and engines being operated by foreign airlines, and the numerous foreign-manufactured aircraft being operated in the United States, have been a strain on Safety Board resources to participate in foreign accidents under the obligation of the ICAO Treaty provisions contained in Annex 13 to ICAO. The safety of U.S. citizens at home and abroad in airline operations, and the international nature of aviation, requires such participation for a proper systematic approach to aviation safety.

The Safety Board participated in 47 accidents and/or incidents in FY 1987, either on scene or by providing technical assistance and recorder readouts for such cases. This area of responsibility will continue to grow in the next few years, and we believe our activities offer the potential for significant safety benefits.

RAIL

Chase, Maryland AMTRAK Accident

The January 4 collision near Chase, Maryland between three Conrail locomotive units and the Amtrak Colonial train dominated our rail activities this year. This was the worst accident in Amtrak history, claiming the lives of 16 people and injuring 174 more. In its detailed report, the Board found that the Conrail engineer failed to stop his train in compliance with signals as a result of impairment from marijuana. The Board also cited the Federal Railroad Administration (FRA) and Amtrak for failure to require automatic backup safety devices.

Factors contributing to the accident included the muting of the automatic cab signal alerter whistle on the Conrail train and inadequate FRA oversight of Amtrak and Conrail supervision of Northeast Corridor trains. While this investigation has been completed, its ramifications -- particularly with regard to drug and alcohol use -- will be felt in the industry for some time to come.

Alcohol and Drug Testing

One of the Safety Board's major safety objectives of the past decade -- rules governing alcohol and drug use by railroad employees -- was achieved in 1985 with the promulgation of the FRA final rule on "Control of Alcohol and Drug Use in Railroad Operations."

The rule requires post-accident toxicological testing for all hours-of-service employees involved in accidents that meet certain criteria. It also urges railroads to adopt reasonable cause testing and calls for pre-employment drug screening. As we discussed at the appropriations hearing last year, the Board favors this approach over mandatory random testing as the more effective way to single out offenders.

The Safety Board has been monitoring the effectiveness of the FRA rule since its implementation in an effort to determine its adequacy and how aggressively the FRA and the railroads have been enforcing it.

Specific components of the FRA rule, such as post-accident and reasonable cause testing, also will be the focus of this NTSB review. We believe the reasonable cause testing provision in particular may have a significant deterrent effect on illegal alcohol and drug use by railroad employees if it is invoked fully. By monitoring the extent to which specific rule provisions are implemented by the rail industry, the Safety Board will better be able to evaluate the overall impact of the rule on railroad safety.

The reasonable cause testing provisions in the FRA alcohol and drug rule are not mandatory for railroads to adopt. The Safety Board believes that reasonable cause testing should be a mandatory component of a railroad's alcohol and drug program. Unfortunately, many railroads thus far have failed to embrace this provision. The recent 9th Circuit Court of Appeals decision invalidating the rule further clouds the picture.

Rapid Transit

One of the fastest growing segments of the rail passenger industry is rail transit service. Cities such as New York, Boston, Philadelphia and Chicago have had rail transit systems since the turn of the century. San Francisco's BART system opened in the 1960s. More recently, cities such as Washington D.C., Atlanta, Baltimore, San Diego and Miami also have opened rail transit systems. In 1986 Los Angeles broke ground for a new rail transit system for the nation's second largest metropolitan area. It is estimated that 9 billion passenger trips are conducted each year on our rail transit systems.

The Safety Board has been giving increasing attention to safety on these systems. An investigation into a rear-end collision of two Greater Cleveland Regional Transit Authority trains on July 10, 1985 was found to have been caused by an operator's failure both to comply with signals and to monitor the tracks ahead.

In addition to the operator's failures, the Board cited the failure of the Transit Authority to enforce strict compliance with operating rules, to maintain its signal system, and to monitor adequately the performance of its train operators.

The NTSB noted that the GCRTA had experienced a number of accidents in its ten-year operating history. Among the safety problems uncovered in those accidents were the failures of the Authority to maintain its system adequately and to provide adequate backup when permitting the operation of trains close to one another, in effect defeating protective features of the automatic train stop signal system.

In its report of an accident on a light rail system in Philadelphia, the Board recommended that the State of Pennsylvania also assume authority over the safety of its rail transit systems.

Forty six people were injured, 11 seriously, when a Southeastern Pennsylvania Transportation Authority (SEPTA) train failed to stop at the 69th Street Terminal in Upper Darby, Pennsylvania and crashed into the terminal wall in August 1986. One person died of his injuries several months after the accident on the Norristown High Speed Line.

The Board found that the probable cause of the accident was the operator's failure to remove propulsion power from the car and his failure to use all available means to stop the car. Contributing to the accident was SEPTA's failure to train the operator adequately to use all means available to stop the car.

Some of SEPTA's heavy rail commuter service is regulated for safety by the FRA, but this line is not. State regulatory and enforcement authority for the Norristown Line is fragmented between the State's Department of Transportation and the State Police. Both New York and California have established state agencies to regulate the safety of rail rapid transit systems, and the Board believes that Pennsylvania and Ohio should also vest such regulatory authority in state agencies.

HIGHWAY

Commercial Bus Safety

During 1987, the Safety Board continued to promote safer operations for buses. Board attention focused heavily on issues involving commercial driver oversight and qualifications.

In an accident investigation close to home, a double-decker sightseeing bus in April struck an overpass while traveling on the George Washington Parkway in Alexandria, Virginia. As a result, the bus roof was sheared off, killing one person and injuring 33 others.

The Board found that the bus driver's license did not permit him to operate for-hire vehicles, nor did it allow him to operate a bus carrying more than 32 passengers. In addition, drug samples taken following the accident revealed evidence of cocaine and marijuana. In December 1986, his company requested a driver's license record check from the Washington, D. C. Department of Motor Vehicles. The response, dated February 1987, indicated that his record was clean. He was, however, under suspension in two other states.

The same issues of driver qualifications were present in an accident in Brinkley, Arkansas in July 1986. A bus driver and 27 passengers were injured when their intercity bus struck a tractor-semitrailer. The Board found that, although the truck driver was making an illegal U-turn at a highway crossover, the bus driver was going at a speed that did not permit him to slow down and avoid the collision.

The Board's accident report adopted in July dealt with several issues. These included the lack of a federal rule which requires the employer of a commercial motor vehicle driver to periodically obtain the driving record of the driver from his licensing states. Further, there is a provision of the Arkansas Motor Vehicle and Traffic laws which, under certain circumstances, actually prevents a driver's employer from getting a complete driving violation record.

A search into the bus driver's records in this accident showed that he had amassed a total of 23 convictions for moving violations -- most of which were for speeding. Of the 14 speeding violation convictions which occurred after the driver was employed by Trailways, 11 occurred while the driver was operating a Trailways bus.

Large Schoolbuses

In the area of schoolbus safety, the Board adopted in March a special study that examined how well large schoolbuses built to 1977 federal standards protected passengers during a crash and whether lap belt use potentially reduced injuries. The study found that large schoolbuses provide a high degree of protection to their passengers.

During the 29-month-long study, the Board investigated 43 large schoolbus accidents. In showing that schoolbus passengers were generally well protected, the study found that only 3.6 percent of the unrestrained passengers sustained more than moderate injuries, and 90 percent sustained only minor or no injuries. Of the 13 schoolbus passengers who died in fatal accidents, most involved head-on collisions.

MARINE

Fishing Vessel Safety

Between 1981 and 1984, an average of 250 documented fishing vessels were lost each year. This was an increase over the ten previous years' annual losses, which ranged from 150 to 200. Fishing vessel accidents account for a high percentage of major marine accidents, and loss rates of large fishing vessels (more than 100 gross tons) are five to seven times greater than loss rates for U.S. ocean-going cargo ships. The accident fatality rate for fishermen/women is seven times the national average for all industry groups. In that four-year period, an annual average of 75 lives were lost.

Commercial fishing vessels are owned, for the most part, by small, independent companies. Many of these boats are not well-maintained and not well-equipped with emergency and lifesaving devices. Most commercial fishing vessels are not required to meet design or construction standards, nor are they inspected by the Coast Guard either during or after construction. Operators generally are not required to be licensed by the Coast Guard.

In a safety study issued last September, the Safety Board reviewed results of marine investigations going back 18 years and made recommendations to government and industry resulting from those investigations. In the previous nine years, the Board investigated or caused to be investigated more than 200 fishing vessel accidents that resulted in 147 deaths, 30 injuries and an estimated $165 million in damage.

The year-long study concluded that additional safety requirements are needed to protect crews aboard most commercial fishing vessels, specifically in the areas of training requirements for captains and crews; licensing qualifications for captains; minimum standards for vessel stability, safety certification and periodic inspections; basic lifesaving equipment; emergency communications and alcohol and drug rules.

Less than two months after the Board released its safety study, it launched an investigation of yet another fishing vessel tragedy. On the evening of November 5, the UYAK II was returning to Kodiak Harbor, Alaska when it capsized, killing four of the six crewmen aboard. The Board is examining, among other things, the master's and crew's understanding of the vessel's stability characteristics and the accessibility of survival suits in crew quarters in an emergency.

HAZARDOUS MATERIALS

Tank Car Safety

Tank car safety became a focus of the Safety Board's investigation of the July 1986 derailment of 15 cars of a Baltimore and Ohio Railroad Company freight train in Miamisburg, Ohio.

Three cars contained yellow phosphorus, molten sulfur and tallow. On the day after the derailment, a concrete structure supporting the tank car collapsed. Several hundred gallons of molten phosphorus inside the tank car escaped and ignited. A three-square-mile area was evacuated, forcing an estimated 30,000 people to leave their homes and businesses -- the largest evacuation in recent history.

In its report released last October, the Safety Board found that a major breach of the phosphorus tank car could have been avoided. Had the airbrake attachments been made to the draft sills or attached to the tank using a properly designed bottom reinforcing pad -- rather than being attached directly to the tank -- derailment forces would not have ruptured the tank bottom.

The attachments to this tank car, as well as similar attachments on hundreds of other tank cars manufactured before 1971, were not required to be designed to break harmlessly from the tank in the event of a derailment. The requirements for such designs -- implemented in 1971 -- applied only to newly manufactured tank cars.

Tank car safety also was an issue in an accident involving the butadiene release from a General American tank car which caused a fire and explosion in the CSX Gentilly Railyard in New Orleans, Louisiana in September 1987. Although no one was injured seriously, the leaking butadiene burned for almost 36 hours and was a potential threat to the citizens and property in the surrounding community. The Safety Board convened a public hearing in December to address the safety issues related to this accident.

PIPELINE

In 1987, the Safety Board issued reports on five pipeline accidents which occurred in Beaumont and Lancaster, Kentucky, Derby, Connecticut, Fort Worth, Texas and Mounds View, Minnesota. Recommendations in these reports called for several major safety improvements in the areas of corrosion protection, periodic retesting to confirm pipeline condition, preparedness for responding to emergencies, pipeline company employee training and the effectiveness of the Department of Transportation's inspection and enforcement.

In its investigations, the Safety Board found that federal safety requirements are not adequate for preventing corrosion-caused damage to pipelines. Pipe installed under roads, railroads and other structures within casings can be subjected to atmospheric corrosion. However, no inspections of methods to identify this corrosion are required. Pipe installed in areas of rock formations or adjacent to other underground structures can be shielded from the protective effects of required corrosion prevention systems, yet the required tests often are not capable of identifying such conditions.

The Safety Board reviewed present industry guidance for tests and inspections to identify areas of corrosion-caused damage on pipelines and found deficiencies similar to those identified in the federal standards. Present pipe testing and examination capabilities were reviewed, and it was concluded that the only method of detecting corrosion damage is through the periodic use of in-line instrument inspection equipment. However, this equipment is not capable of detecting all corrosion damage, such as the damage which occurred within the weld seam of the pipe which ruptured at Mounds View.

FY 1989 BUDGET REQUEST

For fiscal year 1989, the Board is requesting $24,617,000, which is $617,000 more than our FY 1988 appropriation. However, due to several uncontrollable increases in costs for items such as pay raises, inflation, uncontrollable administrative overtime, travel, office space and the new retirement system, this apparent increase in resources is insufficient to allow the Board to maintain its staff at current levels. In fact, the dollar resources we are requesting will only allow the Board to maintain a 313 full-time equivalent (FTE) staffing level, which is three percent, or 11 positions, below both our OMB ceiling and our FY 1988 level of 324.

As you know, the Board must maintain experts in most functional areas of transportation in all modes, and there seldom are more than three or four staff in any one specialty. The difficulty in choosing which positions to fill is multiplied when the elimination of one position equates to a 25 to 33 percent reduction in that specialty.

The Safety Board will do its part to make the necessary sacrifices in support of the efforts of the President and the Congress to reduce the federal deficit. However, we expect the impact of reduced staffing to be felt throughout the agency. As in the past, the Safety Board will continue to emphasize improved efficiency, productivity, and cost savings.

That completes my formal statement Mr. Chairman, and I thank this Committee once again for its valued support of our activities.

OVERALL BUDGET AND STAFFING PROBLEMS

Senator LAUTENBERG. You testified last year that the Board needed a minimum of 347 full-time equivalents to accomplish its mission. The committee, despite the reductions enforced by the budget, may be able to keep you at the same strength in fiscal year 1989, and was able to keep you at the same strength in fiscal year 1988 as in 1987, with 324 FTE's.

Your request for 1989, however, is $24.6 million and 313 FTE's. Now, I think I heard you, but I want to make sure the record is clear. You are requesting a reduction of 11 full-time equivalents. Why would we do that, if you really need an increase of 23?

Mr. BURNETT. It is in accordance with the President's budget message and the efforts being taken by the whole administration to reduce the deficit.

Senator LAUTENBERG. So you are wearing a deficit hat in this.

Mr. Burnett, the one thing I have always admired about you is your commitment to your mission. I believe that you are undaunted by criticism and look to do the most thorough job possible. You are challenging some of the rules and the structure of our present system because you believe that you have a primary responsibility to make the sky safer and to have safety as a focus in all means of transportation for which you are responsible.

If you had your druthers, as the Chairman of the Safety Board, what would you be looking for in terms of staffing?

Mr. BURNETT. Probably if I had my druthers I would like to have the 400 people that the Safety Board once had. We, of course, for several years have said that we think 347 is the minimum number that we should have to fulfill our mandated responsibilities.

And the number of years in which we operate below that minimum number increases the pressure on the Safety Board. You can fudge for a year or two or postpone some activities, you can make extra demands on your personnel, but when those types of activities are repeated year after year after year in a shortfall situation, they take an increasing toll.

Senator LAUTENBERG. There is a toll on morale. There is a toll on turnover. There is a toll on, I assume, productivity, You can only do so much pushing, coercing, threatening, et cetera, to get people to produce more, and then it loses all effectiveness.

Mr. BURNETT. A good example of how it impacts morale and the permanence of our work force, if we have three specialists in an area, one of those people has to at all times be ready to respond to an accident.

If you cut one person out, leaving two specialists in an area, that means that they have to be on duty, on call, rather, half the time, and that has a terrible impact on the private lives of our employees and upon their morale and, although you might be able to do that for a year, when that becomes a permanent situation, it causes us to lose our employees and they are very hard to replace.

Senator LAUTENBERG. There are particular skills in the safety investigative field that can only be developed, I would think, with on-the-job exposure. Here we are at a period of time when we depend more on aviation than at any other time in our history. We have seen an alarming number of near misses. We have seen an increase in accidents of significant proportion. I think you said the highest number since 1974.

So I would like to know whether the 347 number is really the one that we can agree on as being the number of personnel you need to do this job with.

Mr. BURNETT. We have consistently asked that of OMB and of course copies of that request are always furnished to both the Senate and the House, and we have testified every year since I have been Chairman that that is what we need to do our job.

Senator LAUTENBERG. So then this year's request is an OMB request?

Mr. BURNETT. They always are.

AIR TRAFFIC CONTROL SYSTEMS LIMITATIONS

Senator LAUTENBERG. Yesterday there was a news report on the results of a Safety Board investigation of a midair collision between a commuter craft and a general aviation aircraft, January 1987. According to the news report the Board found the pilot of the smaller aircraft made an unauthorized intrusion into the Salt Lake City Airport's radar service area.

Other contributing causes to the collision were an absence of a mode C transponder and limitations of the air traffic control system that was said to provide the collision protection under the circumstances of the accident.

Oddly enough, I landed about 10 minutes ahead of that airplane at Salt Lake City that day and I had people calling up concerned that my flight was the one involved and we were on our way out of the airport when the accident took place.

When you say limitations of the air traffic control system to provide collision protection, what do you mean?

Mr. BURNETT. Well, in the long view, what the Board envisions is an air traffic control system that is designed to provide positive control with all aircraft in the system. The present system is designed—I said positive control, positive separation between aircraft and the system.

The present system is designed only to provide positive separation between aircraft that are participating in the system, and those nonparticipating, VFR aircraft, are left to their devices and the devices of the crew of the IFR aircraft to see and avoid each other, and that concept in high-density airspace with high-speed aircraft, such as are involved in air carrier operations, is just not working for us.

Now, it would take a total redesign of our nation's air traffic control system to provide what the Board envisions when we were talking about the limitations that are involved in the present system.

USE OF TRANSPONDERS

In the interim, measures like a mode C intruder, which includes software that provides an automatic alert to the controllers when there is a potential conflict between an aircraft not participating in the system that is equipped with mode C and aircraft that are in the system and, also, the T–CAS system would be helpful in reducing the risk that we have in the high-density airspace.

Senator LAUTENBERG. So first, we really need to have that mode C transponder aboard all aircraft?

Mr. BURNETT. Either for T-CAS or the mode C intruder program to work we would have to have the mode C capability in the aircraft. There are areas in the United States where there is no air carrier activity going on and the requirement for mode C is not needed. The question is to try to design a system that will require it where it is needed without requiring where it is not.

Senator LAUTENBERG. We hope that it will be a universal thing because, again, on the occasion that there is a change in traffic patterns or someone takes a trip beyond the space where the aircraft is normally hangared or kept, a risk is always run.

I am sending a note to Comptroller General Bowsher to request a GAO report to this committee on both the scope and the nature of the problem that you have referred to and what we might do to correct the weaknesses in the system during the years that we have to wait until the advanced automated systems are on line.

The facts are that the numbers of midair collisions and near midair collisions are growing; there is going to be more congestion in the airspace as we continue to build airports; and larger airports are scheduled in places like Denver and other parts of the country. We ought to have as much air traffic as we can safely bear. It is essential in a country the size and complexity of ours.

Mr. BURNETT. I might add that the Board has recommended the implementation of the mode C intruder alert system to the FAA. The FAA replied they cannot do that until they put in the AAS system, which will be sometime in the 1990's.

We have gone back to them and asked them to look at their hardware capacity to see if there are facilities in which this could be instituted prior to that, and we certainly hope that they would be looking for ways to expedite this system even prior to the implementation of the AAS.

Senator LAUTENBERG. I wonder if we could ask your office to send over the correspondence, any information that you have got there, and we will ask the FAA for its response as well.

Mr. BURNETT. Certainly.

AIR COMMUTER LINES

Senator LAUTENBERG. What is the inference from the increases in accidents among air carriers and the commuter lines during 1987?

Mr. BURNETT. I would point out that the part 121, the large air carrier accidents that we had, that is total accidents, not fatal accidents. The fatal accident number was by no means a record, although it was higher than the very good year we had in 1986.

So I don't think we can necessarily draw an inference from 1-year data in aviation because it does fluctuate from year to year. However, we can't stick our head in the sand and say that we don't have a matter of concern either.

I cited those numbers primarily as emphasizing the kind of impact that it has on Safety Board workload. On the commuter side they have had several years of very impressive improvements in their accident rates and then lost a lot of that in the accident rates for last year.

I think it may be significant that of their 10 fatal accidents last year, seven of them were either in Alaska or the Caribbean Islands or I think a couple were in Hawaii, one at least.

So it may be that those are not occurring in the central core of that industry, but, again, I think it is dangerous also to dismiss those things, so we have to look at them very carefully.

We have, in addition, started out this year with a couple more commuter accidents that provided a heightened level of concern about the safety in that industry.

Senator LAUTENBERG. There are also some suggestions about their operating procedures and maintenance and personnel policies. I don't want to draw conclusions from preliminary information.

There was a problem with substance use, I think, suggested at least in the pilot, even though we don't know whether that directly contributed to the accident.

Are the commuter lines less diligent, are the rules for commuters less restrictive than they are for the larger aircraft operations?

Mr. BURNETT. By the very nature of having two parts, part 121 and part 135, of course the commuters falling in part 135, the demands, regulatory demands, are less than they would be. I suspect that if we place the same kind of regulatory demands on part 135 operators that you had on 121 operations, it would end the air service to certain communities. I wouldn't be suggesting that I don't think there are some reasons for some differences, and commuter operations by the very nature of the fact that they fly shorter trips at lower altitudes into weather, make more takeoffs and landings in the course of their operations, are not going to be, and I think can't be expected to be, statistically as safe as a major carrier operations. Nevertheless, I think we have a lot of evidence that they can be safer.

The commuter industry has had a good record of improving their safety levels over the past few years and we hope that what happened last year is not evidence of an actual reduction.

I think the main problem that we have in the commuter industry right now, and it may present itself to the entire aviation industry very shortly, is the fact that they are having a very hard time finding the pilots to fill all of the billets that they have to provide the transportation demanded by the public.

This has hit the commuter industry obviously already. It may have some involvement in some of the accidents we are looking at and it is potentially something that we could see hit the major air carriers very soon and may, in fact, already be affecting them.

PILOT EXPERIENCE

Senator LAUTENBERG. I have had considerable complaints as a result of some of the dislocation or change in the airline industry, from the major carriers, by crew personnel who said that as the lines merged, they changed the seniority list.

Included in those changes were the elevation of those pilots with much less experience, less air time than others, and I wondered whether you or your office have had any occasional look at the number of hours flown, the qualifications generally in aviation, again, with the major carriers, to see whether you get any kind of a signal about changes in the experience levels of the pilots.

Mr. BURNETT. Well, we are looking at it in the context of individual accident investigations and those give us some comparative data to use in that.

The Safety Board is really not staffed to do a full survey of what is happening, but I think it is quite clear, we are seeing it, as I said, already in the commuter industry, it is quite clear that people are being graduated to captain now with much less in terms not only of total hours but individual subsets of experience, like time in actual instrument meteorological conditions, not time flying, those types of things, with less experience than they once had to reach the level of captain.

For instance, in the Denver Continental accident we had a captain who had, I think, only 200-some odd hours in the DC–9 he was flying, had only 33 hours as captain. Of course you have to have new captains occasionally, but they don't have to be paired with a first officer who had only, I think, 36 hours in the DC–9 and had recently graduated from flying basically a commuter-type aircraft, and it is not very similar flying-type of experience.

Given the trends we see in the aviation industry, we are going to see more of that if there is not some sort of regulatory step to buttress pilot experience levels and the kind of seasoning they get.

We are going to have to develop new and better training programs to substitute for some of the seasoning that took place while someone waited to make captain for lengthy periods of time under the old order.

Senator LAUTENBERG. It is peculiar that we are very specific about the quality, experience, and qualifications of controllers, and this committee does a lot of screaming about the lack of experience that we have in some of our towers and the impatience with getting on with the restaffing there. I think there is a lot less demanded in the cockpit in many cases than there is of those who show us spots in the towers.

Mr. BURNETT. As far as the federal regulations are concerned, that's true. They have never been very high because the airlines themselves have had very high standards and you didn't really need the regulatory input.

We now have the threat that because of competitive pressures some of the carriers may begin operating down to the floor that is provided by the regulations and, although it may be adequate in terms of number of total hours, flight hours that are required, probably the crucial issue is what types of experience have you had within that total number of flight hours.

Senator LAUTENBERG. That's an interesting area to pursue. Before we leave the commuter discussion, do you think that the FAA should focus more on the maintenance activities in commuters or in surveillance programs generally instead of—and this is true also, I think it is fair to say, of the major carriers—instead of relying on documentation to see that the procedures are met or see that they are sufficiently requiring?

Mr. BURNETT. I think the FAA, with any kind of staffing level that we could expect to have, even with substantial increases, would still have to rely largely in its surveillance efforts on review of documents. That's not to say there shouldn't be some effort expended to see that the documents conform to the real world, at least some sampling to be sure that that documentation system is accurate.

And I think the FAA is in the process of improving their surveillance system by adding additional inspectors and by sort of rethinking how they do it. They are not where we would like to see them but I think they are moving forward toward that on an orderly basis.

Part of the problem, however, that I think we will continue to have with the FAA is that it is very hard to change institutional attitudes about aggressiveness and creativity. And the FAA was used to regulating an industry that was noncompetitive and, therefore, largely self-regulating. And even though you had very extensive regulations, you didn't have much reason to suspect that anybody would not be in compliance with them because they could pass on the cost of complying.

This situation is a different situation and it requires a much more aggressive surveillance and in some cases regulatory policy as we have seen with the pilot experience regulations. So I think it will be hard for the FAA to change its mindset. You can draw a lot of plans, hire new people. The mindset will be more difficult.

REORGANIZATION OF FAA

Senator LAUTENBERG. I think part of the consideration these days of FAA's performance is whether or not it ought to be further removed from the political process than it is. I for one really believe that.

I think that it is very, very hard for someone who has a job like the Administrator at FAA to do the long-range planning, make the decisions, that sometimes will take years to fulfill, to be turned over in concert with the Presidential terms or resignations.

Mr. BURNETT. I have a somewhat different attitude about that. I understand where you are coming from. However, I have seen the FAA, the need for the FAA to be submissive to the political process in the sense that in several major issues, had it not been for the oversight of either the committees of Congress or the Department of Transportation, the FAA would have proceeded along bureaucratic paths that ignored, I think, the welfare of the traveling public.

So I am deeply concerned about the proposals that are being made, for instance, make the FAA independent of the Department of Transportation, because I have seen, although it is very hard for me to judge what is happening internally within the Department, there have been several apparent cases in which the FAA was caused to do what was right only because they got the message from the Department of Transportation to do what was right.

Obviously the Department gets involved in FAA affairs because of issues that become salient that there is a great deal of public concern about.

So I think that would be a very bad mistake and I believe that the reason that the industry is advocating an independent FAA is because they want an FAA that is less interventionist, less adversarial, and they view the independent FAA as more likely to be compliant.

Senator LAUTENBERG. I respect your point of view and I don't disagree with the fact that FAA ought to be subject to review by the Congress and by the Executive, but I think we can accomplish that by having a Board that is approved by the Congress and have requirements that include review by the Congress. We should permit longer terms for the Administrator than just the term of office of the President. This would permit that body to operate more efficiently, and to make its request of the Congress for budgetary matters.

I don't know whether we can put all of this together in a package. We certainly will not design it right now, but I hear your response and appreciate it and at the same time I want to continue to review the possibilities.

I sure don't want a lap dog. I want a watchdog. I don't want the industry to be controlling this thing. I think that would be a serious mistake.

IN-TRAIL RESTRICTIONS

The FAA intends to eliminate all in-trail restrictions of 10 miles or more on March 25. The Safety Board opposed this change. What are your concerns?

Mr. BURNETT. We have recently learned that that has been put on hold, and I think as best as I can determine, primarily because of the inquiries made by the Department of Transportation, this being the most recent example of what I just said, that the Department was concerned about this step, and my understanding is that the FAA, that their present intent is not to go ahead and reduce their in-trail restrictions, at least in any kind of national effort, until they get the aircraft situational display system which will enable them, and the predictive capability, which will enable them to use computers to know when and where the traffic density is going to increase, and, thereby, being able to tailor what they need in the way of in-trail restrictions, and that they are not going to move forward with those reductions until they get that in place with the monitoring alert system in all of the centers.

I regard that change of policy on the part of the FAA to be very wise.

Senator LAUTENBERG. Say that again, that you believe that the change——

Mr. BURNETT. I believe the FAA's decision not to implement the reductions in in-trail restrictions was wise.

Senator LAUTENBERG. OK, I just want to be sure, because if they can't achieve the reliability that they need with the AST system, by June as it is now scheduled, we sure ought not to be taking any precipitous action.

One of the things I want to turn to has to do with the tank car safety and hazardous materials, but I want to give my colleague, Senator D'Amato, a welcome here, and a chance to ask some questions that I am sure he has for you, Mr. Burnett.

STATEMENT OF SENATOR D'AMATO

Senator D'AMATO. Thank you, Mr. Chairman. In the interest of time, I ask that my statement be permitted to be placed in the record as if read in its entirety.

Senator LAUTENBERG. Without objection.

[The statement follows:]

STATEMENT OF SENATOR ALFONSE M. D'AMATO

Mr. Chairman, I join you in welcoming Jim Burnett, Chairman of the National Transportation Safety Board [NTSB], and Cynthia Douglass, Administrator of the Research and Special Programs Administration [RSPA] of the Department of Transportation.

The NTSB is an independent agency with the responsibility for determining the probable causes of transportation accidents and promoting transportation safety. The agency does not have rulemaking authority. Instead, NTSB's important work furnishes safety recommendations for the use of federal, state, and local government agencies, as well as the transportation industry in preventing future accidents.

The administration has requested $24.6 million for NTSB during fiscal year 1989. This is an increase of $617,000 over fiscal year 1988. This 2.5-percent increase will cover expenses such as pay raises, inflation, office space, and the new retirement system. However, NTSB's testimony indicates that it is insufficient to maintain staff at current levels, and 11 positions must be deleted. I will be interested in hearing how this will impact on NTSB's ability to carry out its important accident investigations.

The Research and Special Programs Administration received $21.4 million in fiscal year 1988. The President has requested $25.3 million for RSPA during fiscal year 1989, an increase of $3.9 million or 18 percent. RSPA would receive $15.6 million for various programs, while $9.7 million in user fees would be used for pipeline safety. The additional moneys would fund increases of $1.2 million for hazardous materials transportation, $1.2 million for pipeline safety programs, as well as increases of $495,000 for aviation information management and $562,600 for research and technology.

RSPA's jurisdiction includes the following programs: Hazardous Materials Transportation; Pipeline Safety; Aviation Information Management; Emergency Transportation; Transportation Systems Center; Transportation Safety Institute; Statistics, Data, and Information; and Research and Technology.

Mr. Chairman, I look forward to hearing our witnesses explain the details of the proposed fiscal year 1989 budgets for NTSB and RSPA.

Thank you, Mr. Chairman.

AVIATION ACCIDENT RATE

Senator D'AMATO. Mr. Chairman, I note that in 1987 commuter flights were involved in some 35 accidents, the highest since 1980, resulting in about 58 deaths.

Has the NTSB found any common threads in these accidents?

Mr. BURNETT. I think there are several of the accidents in which pilot experience would be an issue and that is the only common thread that I have observed. Many of them, of course, are still under investigation, so it is not yet possible to determine exactly what factors contributed to them.

Senator D'AMATO. Let me then supplement that then with another example. In 1987, air carrier accidents reached a 13-year high of 31 accidents and 231 deaths.

You have many accidents involving commuter flights, and you have air carrier accidents that reached a 13-year high. Don't you see any trend in this?

Mr. BURNETT. I think it is very hard in aviation accidents to establish a trend unless you see one that is running across consecutive years because we do see a lot of fluctuation in the accident rates from year to year. You will have a very good year followed by maybe 2, hopefully, followed by 1 that is not as good.

It is important to realize that the fatal accident rates in the major carriers, part 121 operators, is not at a record high even in terms of raw numbers or rate, although it was certainly not nearly as good a year as we had in 1986. That is a matter of concern to us, but it is too early to say that is a trend.

HUMAN STRESS FACTORS

Senator D'AMATO. Do you think that airline management problems, employee stress, strife, controversy, et cetera, are contributing factors as it relates to accidents?

Mr. BURNETT. I think it potentially can. It is certainly a matter of great concern on the part of the Safety Board, one of the reasons we have been doing such, putting so much effort into human performance types of investigations.

Senator D'AMATO. Wouldn't you really think that where you have the kind of agitation that leads to crews not showing up; where the mechanics are in constant battle; where you have some of the highest rates of retirement of pilots in airline history, let alone just at one airline; that those factors demonstrate a serious problem? Where there is emotional, if not physical, battling going on in the industry, wouldn't you think that it is contributing and, if not contributing, certainly creating a very unhealthy, unsafe condition for those of us who use the airlines?

Mr. BURNETT. Well, I think all of those things are matters of concern and we are looking at those types of issues in all of our accident investigations.

STORY OF FLIGHT 116

Senator D'AMATO. Let me give you one example of a matter of concern: Eastern Flight 116 from Fort Lauderdale to Washington National, scheduled to leave at 4:58 this past Sunday. Well, it does, it leaves relatively on time, a half-hour one way or the other, a changeover in Atlanta—well, a half-hour one way or the other is not bad today, not bad.

Mr. BURNETT. I recognize that.

Senator D'AMATO. Eastern Airlines Flight 116 lands in Atlanta for a change of crew, a supposed 45-minute layover. Instead, it lays over for closer to 3½ hours. Do you know why?

Mr. BURNETT. No.

Senator D'AMATO. They didn't have a crew. They didn't have any pilots. Lord knows when and where they got them from, and when that flight that was supposed to come into National finally arrived, it didn't land at National, it landed in Baltimore. So a flight that was supposed to end up here at National at 9 o'clock wound up landing at about 1 o'clock in the morning at Baltimore.

Now, my point is that we are not talking about timeliness, but we are talking about the incredible pressures that are placed on crews. What about that crew, who knows where those pilots were, what were they doing when they were summoned to get over to Atlanta to fly the aircraft, and what about drug testing, et cetera, what about the pressures, the whole panoply of safety issues?

I suggest that we are in one desperate situation, and that somebody is not doing his job. This business of a free enterprise system, that I believe in, should remain free except when it begins to endanger the lives and the safety of people who utilize air transportation.

We are reaching that point. I am just going to suggest, and it may be irresponsible some might claim, that these kinds of numbers, Mr. Chairman, in terms of the accident rates, near misses, et cetera, have a direct relationship with the incredible acrimony between labor and management that is evident at some of these airlines. There is no doubt in my mind that it has contributed tremendously toward it.

I don't know what your legal authority is. They would probably cut you off by the neck if you tried to get involved, but I think there is something to it and I certainly will bring it up with your counterparts in the FAA administration.

So I thank you, Mr. Chairman, for being so tolerant in giving me the opportunity to make an observation.

PILOT STRESS

Senator LAUTENBERG. You make a good observation. We are very demanding of the skills and qualifications of the people who fill the spots in the towers, but we don't ask the same of those who fill the spots in the cockpits. They are free of regulation. They are free to make their own decision other than the certification requirements. As you pointed out, one would not want one's brain surgeon to be fatigued, under stress, having come either from a party or from a lack of sleep or what have you. You would not be looking for the first one at hand. And the people who get in the cockpits of those airplanes, as much mechanization as there is, they have a lot of hard choices to face when it comes to making some of the tough decisions that are often required as one flies an airplane.

I speak to a lot of the airline crews, and there is no doubt in my mind that the uncertainty of job continuity and the issues of retirement and seniority are stressful to these personnel. It always tells me something about how diligent they are about keeping terrorists from getting into the cockpit, but I guess they look at me and say this old guy will not give me any trouble. The fact is I walk in and talk to a lot of the crews. They are bitter and distressed people.

I was with 200 pilots at a meeting that I called in Newark not too long ago. One man stood up there with tears flowing down his face because people who fly love their jobs. It is that kind of occupation. He said he will have to get out of the business, that he couldn't stand the uncertainty, that he owed his family more than that.

Well, I don't want him thinking about the difficulties that his family might have as he takes off piloting a 737, 747, or DC–9 or what have you.

PILOT SKILL AND EXPERIENCE

It posed an interesting question because I asked Mr. Burnett whether or not there was any way they could evaluate the years of skill, the level of skill, and the qualification of pilots. He said that wasn't your agency's responsibility or opportunity because you respond principally to the results of an accident and include a larger investigative role.

Mr. BURNETT. Although the data we collect certainly should be used in that process.

Senator LAUTENBERG. I wonder, isn't there any place that accumulates this kind of information? Is there a data bank that we could access that tells us, for instance, the experience of pilots generally flying, the number of hours, and so on? As you pointed out, in the Denver accident there was a surprisingly low level of experience in captaining and cocaptaining, was it a DC–9 out there?

Mr. BURNETT. DC–9.

Senator LAUTENBERG. Is there any data bank or information base that you are aware of that would tell us generally about the qualifications of people other than those that come out of the results of a study of an accident?

Mr. BURNETT. I suspect the FAA may have that information or at least the individual airlines might have it and they might collect it from them. I am sure that the various airlines—we have, in fact, solicited that sort of information during the course of accident investigations from individual airlines which we had under investigation in order to have some idea of what kind of trends were taking place in their pilot experience levels.

The problem is that although the total experience levels, total number of flight hours are often used to describe the experience level of a flight crewmember, that probably is not the relevant figure. The relevant figure is some sort of subsets, as I mentioned, instrument, actual IMC conditions, instrument meteorological condition time, nighttime flying, those sorts of things.

And no one has, because we have never had really a regulatory project to try to look at what we need to do regulatorily about crew experience, no one has really identified what are the critical factors that should be required. So we are not, now that I think we have a desperate need for better regulation in that area, I don't really think we even have the information at our fingertips.

The only suggestion that I could make is that we would try to adopt those kinds of things that were characteristic of the aviation industry that have been traditional as far as what they expected in the way of qualifications for their crew, and then if that kind of regulatory structure is going to unduly restrict the availability of pilots, then we should try to look at specialized, very demanding training requirements in order to bring people who have not had that natural seasoning into line anyway.

PILOTS' DRIVING RECORDS

Senator LAUTENBERG. Do you know whether or not, if someone has a record of impaired driving in an automobile, whether that record ever gets examined when a pilot gets his or her certification?

Mr. BURNETT. It is supposed to be, Mr. Chairman. However, we know from a study that the inspector general of DOT did that, in fact, it is not. Now, to refine that a bit.

When an airman applies for their medical certificate, they must reply to a question about what kind of driving record they have because it is considered relevant, if they do have a poor record, it may be relevant to, for instance, their alcohol and drug abuse or to psychological issues and that sort of thing.

However, there has never been in place a system to determine whether those questions were being answered honestly and, in fact, when the inspector general compared those answers on the part of a lot of airmen to the national driver's register, which is another thing that the Department of Transportation maintains, we found that there were a lot of discrepancies and, in fact, thousands of airmen, and perhaps many of those in actual commercial service.

The Safety Board's position has been that the national driver record ought to be consulted regularly by the FAA in the approval of their medical certificates. The problem is the FAA didn't have authority to do that.

Congress has now given authority to do it, I believe in the act that was passed, the reauthorization of the airway system on the 30th of December of last year, and we are yet to receive assurances from the FAA that they are, in fact, going to implement such a program. That is one of our major concerns with the FAA.

RESTRUCTURING FAA

Senator LAUTENBERG. Before we leave the subject of the FAA, I want to reiterate the fact that the independence that I seek for is to structure it so that it can deal with long-term problems and planning in a responsible way and to make sure that the person who comes in to take charge is chosen purely for their ability, with a term of office during which they can either prove or disprove their ability and to be treated like any chief executive anyplace else.

Otherwise, we have one Congress, one President, one Administrator, sometimes differing ideologies, and I don't think that is the way to run a railroad or the FAA.

So we may in final design come up with something if we have the opportunity that keeps the FAA affiliated with the Department of Transportation but at the same time says, look, whether the Department of Transportation Secretary is A or B doesn't matter. The fact is, that the FAA will be professionally managed as we have with the staffing underneath the Administrator. I would just like to make sure that it is as responsive as possible.

We are going to look for your cooperation with our request of GAO and I am sure we will get it.

TRANSPORTATION OF HAZARDOUS MATERIALS

What in the Board's view are the most urgent safety problems with respect to transportation of hazardous materials in tank cars?

Mr. BURNETT. Well, we have made a great deal of progress in improving the safety of tank cars through the Board's recommendations and subsequent acceptance by the RSPA and by the FRA of those recommendations, as far as head shields, and improved thermal protection.

We are not as yet as far along as we would like to see those programs, and one example is that tank cars, I believe of 18,500 pounds and below, are still not subject to those regulations and you can have some materials that are very dangerous at the 18,000-pound amounts that are not given the kind of protection that we think is important.

We have also been very concerned about the inadequate classification system, a classification system that frequently did not reflect all of the hazards of particular substance that was in transportation because it did not take that into account, did not provide adequate regulatory structure and did not provide adequate notice to the public who might be dealing with it or to the transportation handlers who might be dealing with it.

H.M. 181

RSPA has recently published a Notice of Proposed Rulemaking, H.M. 181, which we have been waiting for for about 5 years. I understand that RSPA is like the Safety Board; it is a very small organization with a very big mandate. We have been very anxious to receive that.

H.M. 181 as presently published would, we believe, provide substantial improvements in the safety of the transportation of hazardous materials but, and it is a big but, this is a two-step-forward, one-step-back proposal. It has in it—excuse me, I have been saying pounds and I have been corrected to gallons.

Senator LAUTENBERG. You had this chairman fooled.

Mr. BURNETT. The H.M. 181 as presently proposed, although making many improvements and being overall we think an improvement, takes some backward steps.

For one thing, it allows replacement on the shipping documents of the names of materials and their hazards with coded numbers so that the response personnel, for instance, who might respond to an accident, if they did not have the code book, wouldn't be able, through knowledge of the English language, to know what the hazards were or what the materials were.

So that is one example of a weakness. We were in hopes that H.M. 181 would move forward with things like the tank cars that are under 18,000 gallons or 18,500.

So we believe that that rulemaking can be greatly improved. We hope that it will not be delayed. I am very eager to see this rulemaking implemented during this year so that we don't have the potential for having the top people in the administration or the Department being replaced and having to reconsider a lot of these issues. I think that it can be and must be substantially improved before it is issued.

Mr. Chairman, we would be glad to provide the committee with our comments that we made to the RSPA docket on that rulemaking.

CLASSIFICATION OF FLAMMABLE SOLIDS

Senator LAUTENBERG. Last, you indicate that you were concerned about possible inadequacies on the final rule likely to be adopted by DOT on the classification of flammable solid hazards. What is the present evaluation of the DOT rule on this matter?

Mr. BURNETT. Mr. Charles Batten, head of our Hazardous Materials Division, will reply to you.

Mr. BATTEN. At this point in time I think that this decision will be made in accordance with H.M. 181 which will take in the UN standard as well as establishing appropriate testings so that materials can be properly classified as a flammable solid.

Senator LAUTENBERG. So are we moving along in an orderly fashion here to make sure that the rule is appropriately evaluated before it is put into place?

Mr. BATTEN. Yes, sir; we are. I think some of the concerns we had were with some materials that are in the molten state that probably ought to be looked at as a flammable solid, materials like sulphur, which without it being in the molten state is not a regulated commodity for rail transportation but does pose unique hazards.

ADMINISTRATIVE OVERTIME

Senator LAUTENBERG. Thank you very much. Mr. Burnett, you are requesting an increase of $188,000 for administrative uncontrollable overtime.

Why is this necessary, Mr. Kissinger?

Mr. KISSINGER. Primarily to fairly compensate our investigators who spend a considerable amount of time at night and on weekends in an uncontrolled manner. Frequently, for example, a lot of time is spent on telephones, receiving notifications, trying to verify exactly what the incident or accident is, making arrangements that the proper people are notified and to be able to respond to the accident.

Senator LAUTENBERG. Try to find a different word other than uncontrollable.

Mr. BURNETT. That is kind of an official OPM term. I might emphasize the fact that the FAA has adopted, their accident investigators have adopted this sort of compensation system, which has long been used by the people like the Drug Enforcement Administration, law enforcement agencies, that have to work around the clock for extensive periods of time.

We now have to compete with the FAA for our people and, therefore, it is going to be very important for us to be able to have that.

Senator LAUTENBERG. I want the record to reflect that it wasn't out of control overtime that you were looking at and that would be a novel request and also would be, perhaps, the frankest admission anyone ever made: "Well, here we are, we are out of control, and now we need money to take care of that." Not to make light of it; I know everybody in your Department works hard.

I would urge you, Mr. Burnett, to continue to push forward and, though this may be a little delicate for you, you are someone who I think takes great pride in your professional responsibilities and your obligation to adhere to those responsibilities, and I would urge you to speak out.

When you see that your department is inadequately resourced, whether it is in terms of funds or other help that you need, I think you have an obligation to speak out. Let OMB take care of themselves. They do a pretty good job of doing that here.

I would urge you to point out that your job is one that is vitally tied to the well-being of the traveling public. Speak out on it, Mr. Burnett.

SUBMITTED QUESTIONS

We appreciate your being here. We have a lot of other questions we will submit for the record. We thank you for your time and your responses.

[The following questions were not asked at the hearing but were submitted for response for the record:]

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

AVIATION SAFETY

Senator Lautenburg. Chairman Burnett, yesterday there was a news report on the results of a Safety Board investigation of a midair collision between a commuter aircraft and a general aviation aircraft in January 1987. According to the news report, the Board found that the pilot of the smaller aircraft made an unauthorized intrusion into the Salt Lake City Airport's radar service area. Other contributing causes to the collision were an absence of a mode C transponder the "limitations of the air traffic control system to provide collision protection under the circumstances of the accident."

What is your evaluation of FAA's surveillance of the commuter industry?

Answer. The Safety Board's investigation of several commuter air carrier accidents, since 1985, has prompted concerns about the adequacy of FAA surveillance over the commuter industry. The Safety Board issued several safety recommendations concerning this issue to the FAA following its investigation of accidents involving Bar Harbor Airlines at Auburn, Maine, on August 25, 1985; Henson Airlines at Veyers Cave, Virginia, on September 23, 1985; and Simmons Airlines at Alpena, Michigan, on March 13, 1986. These recommendations addressed the need for improvements in:

-- flightcrew training requirements and standards;

-- flightcrew testing and checking;

-- standardization of cockpit instrumentation and equipment;

-- availability of instrument approach charts;

-- oversight of the check airmen program;

-- flightcrew scheduling with respect to experience limitations; and

-- establishing a minimum level of direct surveillance over carriers.

Also, two recent commuter accident investigations have identified additional concerns about the adequacy of the FAA's surveillance. These accidents involve Ryan Air Service at Homer, Alaska on November 23, 1987, and AVAir at Cary, North Carolina on February 19, 1988. These accidents remain under investigation.

Senator Lautenberg. If FAA is unable to achieve reliable predictive capability with its ASD system by June as now scheduled, will the Board be issuing further recommendations to avoid sector overload this Summer?

Answer. That will not be necessary because the safety recommendations issued on May 13, 1987 that address traffic volume and traffic management issues remain in an "open" status. The Safety Board has advised the FAA that it will monitor these programs and the implementation of the advanced versions of the ASD to assess the effectiveness of the monitor alert feature, and that the pertinent safety recommendations will not be "closed" until the ASD is fully operational.

REORGANIZATION OF FAA/SEPARATION OF ATC FROM FAA

Senator Lautenburg. What is your view of the Secretary's suggestion regarding the separation of air traffic control from FAA?

Answer. I would not object if it was a corporation that was regulated by the FAA. A good regulatory system, as is in place for the airlines themselves, and a surveillance system, would have to be in place before it is cut loose as independent. Most people who conceptualize the separation of air traffic control from FAA do not include those elements, and I think it is something we ought to go very slow on. If it is done right it might be good.

OVERTIME AND FERS COSTS

Senator Lautenberg. Please update the table on overtime costs appearing on page 438 of last year's Senate hearings (S.Hrg. 100-354 Pt. I).

Answer. Below are the overtime payments for the last three years. It does not include compensatory time.

	FY 1985	FY 1986	FY 1987
Overtime Payments	$331,000	$322,000	$288,000

Senator Lautenberg. Please provide for the record the number of new hires and conversions assumed in your $171,000 request for additional FERS costs.

Answer. The Board's FY 1989 estimate of retirement costs is based on OMB's assumptions that 23 percent of Board employees will be covered by FERS as new (post-83) hires and 3.9 percent of Board employees will be covered by FERS as conversions (switchers) from CSRS.

Senator Lautenberg. Please provide for the record the number of new hires and conversion to FERS that the Board has actually experienced in FY 87 and this year to date.

Answer. Of the Board's current employees, approximately 28 percent are covered by FERS. Sixty-eight of those employees began FERS coverage in FY 87 either by automatic conversion (48), by automatic (new-hire) coverage (18), or by switching from CSRS (2). Twenty-one of those employees began FERS coverage in FY 88 either by automatic (new-hire) coverage (11), or by switching from CSRS (10).

ALLOCATION OF RESOURCES BY MODE

Senator Lautenberg. You propose to devote 196 FTEs out of the total of 313 FTEs you are requesting to aviation. This compares, for example, with 46 for highways, 37 for railroads and seven for hazardous materials.

Why such a heavy emphasis on aviation? Are the safety problems in aviation more severe or prevalent than in other modes of transportation?

Answer. Public Law 93-633 directs the Safety Board to investigate all civil aviation accidents. To meet this mandate, which does not exist in the other modes, it is necessary to devote substantial resources to this mode of transportation.

FAA SURVEILLANCE

Senator Lautenberg. In 1986 you were very critical of FAA's inspection program. You said, in fact, that "there was no surveillance worthy of the name," in many cases the Board had investigated. Then, last year, you testified that FAA was implementing Project SAFE and Safety Board recommendations and was "on course toward establishing a much improved and effective surveillance program."

What is your assessment at this point?

Answer. We believe that the Project SAFE Implementation Plan is progressing on schedule. Project SAFE is a very comprehensive overhaul of the FAA's total flight standards surveillance program and it will not be totally completed until the early 1990's. FAA has plans to increase its air carrier and general aviation inspector staff from 2,000 to 3,000 between FY 1988 and FY 1991. They plan to hire between 300-400 personnel each year to reach this goal.

CVRs/FDRs

Senator Lautenberg. FAA has recently issued a Notice of Proposed Rulemaking relative to cockpit voice recorders and flight data recorders. You have made numerous recommendations on this matter in the past. How do you evaluate the proposed rule?

Answer. The Safety Board is satisfied with the intent of the NPRM as drafted. However, a review of the NPRM revealed a number of problems that need further clarification and correction. The Safety Board forsees no major stumbling block in implementing these corrections.

The Safety Board will, however, propose two additional requirements that go beyond those originally proposed in our recommendation letter of June 19, 1987. The first is the recording of the TCAS warning on the DFDR. This was not requested in the June letter as it predated the TCAS NPRM by some months. The second requirement is the recording of the main rotor speed of those rotorcraft equipped with CVRs only. This may be accomplished through the standard installation, but on those aircraft where it cannot be demonstrated, the addition of a rotor speed encoder would be required. The lack of this requirement in our June recommendation letter was an oversight on the Board's part.

TRANSPONDERS

Senator Lautenberg. Last year you stated that FAA should require altitude reporting transponders for operation within Terminal Radar Service Area and Group II Terminal Control Areas. The Committee repeated its directive that FAA initiate a rulemaking requiring such transponders on aircraft operating in all terminal airspace where radar service is provided and in all controlled airspace above a minimum altitude to be determined in the rulemaking. FAA issued a NPRM for such a rule on February 12 of this year.

What is the Board's assessment of this proposed rule?

Answer. The Safety Board has not yet adopted specific agency comments on the proposed rule; these comments are now due May 12, 1988. Nevertheless, the Safety Board has repeatedly issued safety recommendations to the FAA and supported previous rulemaking that would require all aircraft operating in airspace with commercial air carrier flights to be equipped with a transponder with an automatic altitude reporting feature (Mode C transponder). The Safety Board supports the intent and objectives of the proposed rule.

FLOW CONTROL

Senator Lautenberg. Last year the Safety Board issued an "urgent action" recommendation calling on FAA to limit air traffic to then existing levels to avoid overloading enroute sectors during peak periods. The Board's principal concern was that FAA's central flow control procedures lacked the capacity to predict traffic loads in particular sectors. Both then Secretary Dole and Secretary Burnley have stated that FAA procedures for metering traffic with the aircraft situation display computer comply with the Board's recommendation. Is this true?

Answer. The Safety Board was encouraged when the Secretary of Transportation announced the implementation of a new en route sector traffic management program on June 11, 1987. This program was designed using the aircraft situation display (ASD) to monitor air traffic in en route control sectors and terminal facilities airspace and to take appropriate traffic management actions where necessary to control traffic density and to prevent sector traffic overload. The Safety Board was advised that the Monitor Alert (predictive capability) feature of the ASD would be operational in September 1987. However, the FAA had to postpone this date to June 1988 because of computer hardware procurement problems. The Safety Board believes that this total traffic management program, including the Monitor Alert feature, is responsive to the intent of its safety recommendations. Nevertheless, until there is a fully operational program using the ASD and Monitor Alert in the Central Flow Control Facility and selected field facilities, the Safety Board will not classify FAA's action as totally responsive.

TANK CAR SAFETY

Senator Lautenberg. The Board has issued a number of recommendations relating to railroad tank car safety. Last Year, you indicated that two of the 23 recommendations that remained open at that time were classified as unacceptable action.

What are these recommendations and what is the current status?

Answer. The recommendations referenced are R-85-60 and R-85-105. These are as follows:

> R-85-60 to the Federal Railroad Administration:
>
> Evaluate for adequacy and timeliness, directing changes as necessary, the General American Transportation Corporation's proposed inspection and repair program for bringing tank cars on which anti-shift brackets are welded directly to the tank shell into regulatory compliance, and monitor the completion of the program.
>
> R-85-105 to the Research and Special Programs Administration:
>
> Require that all tank car shipments of hazardous materials with an isolation radius of one-half mile or more, as recommended by the U.S. Department of Transportation Emergency Response Guidebook, be transported in tank cars equipped with head shield or full tank head protection.

The Safety Board presently is evaluating a recent response from the RSPA on Safety Recommendation R-85-105; however at this time, both recommendations currently are classified as Open-Unacceptable Action.

Senator Lautenberg. In your justification you indicate that the Board has just completed its review of the FRA's delegation of authority for tank car safety standards to the Association of American Railroads. You conclude that there are, under this arrangement, no procedures or controls to assure that the public safety interests in this vital area are properly defined and protected.

Why would the FRA delegate this authority to the industry in the first place? Isn't there a danger of at least a partial conflict of interest here?

Answer. When the DOT was given responsibility for tank car safety in 1966, it assumed a program which, for many years, had been administered by the Interstate Commerce Commission. This included hundreds of delegations to industry groups for the development of safety standards, including safety standards for tank cars. Since that time, some DOT administrations worked to withdraw those authorities previously delegated to industry groups, for example the Research and Special Programs Administration has withdrawn more than 500 such delegations. However, the Federal Railroad Administration has continued those delegations that were under its control. As to the reason the FRA would delegate such authority, the FRA does not now have sufficient manpower nor the appropriate expertise to effectively carry out the responsibilities now being performed by the Association of American Railroads (AAR).

Concerning the question of conflict of interest, the Safety Board in its report on the July 8, 1986 derailment at Miamisburg, Ohio, noted that the present arrangement between the FRA and the AAR generally has resulted in appropriate actions being taken for improving tank car safety. However, this arrangement as presently administered does offer opportunity for abuse in that tank car owners and manufacturers are capable of influencing many safety decisions by giving undue consideration to the economic impact to the detriment of safe railroad operations and to public safety. The Board noted that this arrangement, even though well intended, cannot in all cases provide fair representation to public safety concerns.

Senator Lautenberg. What remedial steps should be taken?

Answer. The Safety Board identified several remedial actions which must be taken. The Board recommended that the FRA:

> Define explicitly those authorities concerning tank car safety delegated to the AAR and establish procedures governing the implementation of these delegated authorities;
>
> Require the AAR to report all actions taken under the authorities delegated for tank car safety;
>
> Develop and implement a program for effectively reviewing and evaluating all actions taken by the AAR , tank car repair facilities, and tank car manufacturers under the authorities delegated to them to determine that all actions comply with Federal requirements for tank car design, construction, modification, operation, and repair;
>
> Evaluate annually the AAR tank car specifications to determine that the instructions and guidance provided on tank car design and construction are consistent with Federal requirements;
>
> Coordinate a formal arrangement with the Canadian Transport Commission for routinely exchanging information on the performance of tank cars, for meeting to discuss common safety concerns related to the design, manufacture, retrofit, and use of tank cars, and for establishing controls for and the oversight of the delegated authorities for tank car safety.

By implementing the above recommendations and effectively administering the programs developed, the FRA will have established appropriate checks and balances to allow the present industry delegations of authority to continue while also assuring that public safety concerns are fully identified and appropriately weighed against economic interests.

DOD MUNITIONS

Senator Lautenberg. Last year you described your recommendations for mitigating the hazards posed by DOD munition shipments and indicated that DOD was in the process of responding.

Has DOD implemented all the measures you recommended?

Answer. Of the twelve safety recommendations made to the DOD since August 1984, acceptable action has been taken for five and these now are closed. Three recommendations are classified as "Open--Acceptable Action" and the four recommendations issued with its report on the Checotah, Oklahoma, accident that occurred on May 11, 1987 are classified as "Open--Response Received." The Safety Board is evaluating the information provided by the DOD on these four recommendations.

Senator Lautenberg. What, if any, are the most urgent safety deficiencies remaining in DOD's handling of munitions shipments?

Answer. The DOD has implemented much of the recommended safety improvements sought by those recommendations remaining in an open status. Most noteworthy are the actions being implemented to improve its selection of carriers and for the standards that drivers of these carriers must meet. However, much work remains to be performed by the DOD for lessening public safety exposure by requiring the use of the most direct routes for explosives and for developing thermal protection for those explosive shipments that pose the greatest fragment and overpressure hazards when shipped by highway. The latest DOD response now being evaluated by the Board addresses these issues.

COAST GUARD/FISHING VESSELS

Senator Lautenberg. The Safety Board, I understand, recently completed a study of safety issues in the fishing industry. Please summarize your findings and recommendations.

Answer. The National Transportation Safety Board's study entitled "Safety Study -- Uninspected Commercial Fishing Vessel Safety" found the following:

-- Commercial fishing vessel captains are not required to be licensed and have not passed any qualification requirements;

-- There are no published standards or training requirements for captains or crewmembers of commercial fishing vessels, even in such crucial matters as firefighting, stability, watertight integrity, the use of lifesaving equipment, or rules of the road;

-- U.S. uninspected commercial fishing vessels are not required to meet any construction standards, nor do they have to meet any minimum stability requirements or tests;

-- The basic safety equipment necessary to meet most unexpected occurrences at sea -- fires, capsizings, and founderings -- are not required on uninspected commercial fishing vessels. This includes exposure suits, bilge and fire alarms, inflatable liferafts, an operable emergency radio, and emergency position indicating radio beacons.

The Safety Board issued or reiterated the following recommendations to the U.S. Coast Guard as a result of the study:

-- Seek legislative authority to require licensing of captains of commercial fishing vessels, including a requirement that they demonstrate minimum qualifications in vessel safety including rules of the road, vessel stability, firefighting, watertight integrity, and use of lifesaving equipment.

-- Seek legislative authority to require that stability tests be conducted and that complete stability information be provided to the captains of commercial fishing vessels;

-- Seek legislative authority to require uninspected commercial fishing vessel captains/owners to provide safety training to all crewmembers;

-- Seek legislative authority to require basic lifesaving equipment for uninspected commercial fishing vessels, including but not limited to exposure suits, flooding detection alarms and automatic dewatering systems, fire detection and fixed firefighting systems, liferafts, and emergency radios.

Senator Lautenberg. What action does the Coast Guard plan to take in response to your findings.

Answer. The U.S. Coast Guard advised the Board on March 11, 1988 that they:

-- did not concur with the Board's recommendation that captains of commercial fishing vessels be licensed. However, the Coast Guard noted that H.R. 1841 may require the Secretary to submit to the Congress a plan for licensing of operators of documented fishing, fish processing, and fish tender vessels;

-- partially concurred with the recommendation that stability tests be conducted and that complete stability information be provided to captains. Again the Coast Guard notes that S. 849 and H.R. 1841 would make the providing of stability information mandatory;

-- partially concurred with the need for safety training. Basically, the Coast Guard believes that its voluntary initiatives are satisfactory, a position the Board does not hold as a result of its study.

-- partially concurred with the need for basic safety equipment. In its response the Coast Guard cites that S. 849 and H.R. 1841 contain requirements regarding the mandatory carriage of safety equipment. The Coast Guard testified in favor of mandatory carriage of safety equipment. The Coast Guard concurs with the mandatory requirement for an emergency position indicating radio beacon and a final rule is expected in June 1988.

HAZARDOUS MATERIALS
HM-181 PERFORMANCE-ORIENTED PACKAGING STANDARDS

Senator Lautenburg. The Department issues an NPRM on HM-181 May 5, 1987, relating to performance oriented packaging standards for hazardous materials. What is the Board's assessment of this proposed rule?

Answer. A copy of our comments on the proposed rule are below.

NATIONAL TRANSPORTATION SAFETY BOARD ASSESSMENT OF H.M. 181

MAR 1 1988

Dockets Branch
Research and Special Programs
Administration
U.S. Department of Transportation
400 Seventh Street SW
Washington, D.C. 20590

Dear Sir:

The Safety Board has reviewed your Notice of Proposed Rulemaking (NPRM), "Performance-Oriented Packaging Standards; Miscellaneous Proposals," Docket No. HM-181, which was published at 52 FR 16482 on May 5, 1987, and the revised NPRM which was published at 52 FR 42773 on November 6, 1987. We support the objectives stated in this rulemaking, that is, to simplify the hazardous materials regulations, to reduce the volume of regulations, to promote flexibility and technological advances in packaging, to promote safety through better packaging, to reduce the need for exemptions, and to facilitate international commerce.

Although it has taken 5 years for the RSPA to progress this rulemaking to an NPRM, we are pleased that the RSPA has taken action to improve the hazard classification system through quantitative definitions and to establish performance-oriented nonbulk packaging criteria. We note that the proposal still contains some inconsistent packaging requirements in the proposed regulations and that it fails to adequately address the advance notice of proposed rulemaking (ANPRM) comments on nonbulk package performance tests involving differences in the United States and European transportation environments.

The Safety Board also notes that several previously prohibited poisonous gases, e.g., phosgene, germane, and cyanogen chloride, will be permitted to be transported in bulk containers; yet, no justification has been offered for this change. We do not believe that previously prohibited gases should be transported in bulk containers unless tests and safety analyses document that this change will not unreasonably affect public safety. Nevertheless, the Board believes the NPRM contains significant improvements for the transportation of hazardous materials. Below are specific comments which we believe will help to further the stated objectives of this rulemaking.

Hazard Classification

On numerous occasions, the Safety Board has expressed concern about the deficiencies in the Department of Transportation (DOT) hazard identification and classification system. We have urged the DOT to fully identify the hazards posed to life and health by each material during normal transportation and emergencies. Additionally, the Safety Board has recommended specific improvements in this system. (See Safety Recommendations R-72-44, I-76-3, I-81-14, I-81-15, and I-81-16.) The Safety Board continues to believe that improved knowledge about the type and extent of hazards posed by materials is necessary for making correct regulatory and design decisions about the level of protection containers should be required to provide during transportation. Additionally, this more comprehensive information should influence public safety protection measures implemented when such materials are released during transportation. Therefore, we support RSPA's actions in the NPRM to provide quantitative definitions for all classes of hazardous materials and to make those definitions consistent with the recommendations prescribed by the United Nations (UN). We believe the proposed definitions will result in an improved and more uniform system for identifying the hazard characteristics of materials in transportation.

Hazard Communication

Many transported materials exhibit multiple hazards; however, the proposed regulations do not adequately address subsidiary hazards. Subsidiary hazards should be identified in the hazardous materials table (Section 172.101), on shipping papers (as required in Canada), and on vehicles. For example, according to the precedence of the hazard table in Section 173.2a, a material that requires a packaging group I container because of its toxicity by inhalation and because of its flammability (class 3) would be classified as a poisonous material. This classification results in only the poisonous characteristics of the material being identified. The potentially equally important information on its flammability characteristics will not be disclosed on shipping papers or placards.

Also, the Safety Board is concerned that the proposed use of hazard class or division numbers and identification numbers on shipping papers, labels, and placards as the required means of identifying materials and their hazards does not effectively convey sufficient warning information to the general public. The Safety Board believes that the DOT must require all shipping papers, labels, and placards to identify in plain language the hazards of the material for domestic shipments. Any additional information, such as class or division numbers and identification numbers, should supplement rather than replace text to identify the hazards.

First, numbers require persons to be familiar with the "code," or to have references readily available to explain their meaning. Secondly, numbers can be confusing when cargo names are complicated and contain numbers themselves. For example, the cargo 3,3,6,6,9,9-Hexamethyl-1,1,2,4,5-tetracyclononane is a proper DOT shipping name with identification number UN2167. Under current requirements, the hazard class described on the shipping papers is "Organic Peroxide." Under the proposed requirements, the hazard class would be described as "5.2." During an emergency, such a multitude of numbers may easily result in confusion for emergency responders, who face very stressful situations and need very clear information.

A priority objective of this rulemaking should be to verify that the hazard warning system is capable of alerting the general public and emergency responders to the hazards of each material transported. The Safety Board has previously pointed out in recommendations to the DOT, and the DOT has agreed, that the context of the hazard warning information system should be readily intelligible to all concerned, especially to those individuals having emergency action responsibilities. We also have called upon the DOT to carefully review its hazard warning system to insure that warnings of impending danger and advice are given in an understandable manner to the general public. Since 1968, the Safety Board has made several additional recommendations concerning modification of the hazard warning system, and the DOT has implemented appropriate changes. Consequently, the Safety Board is not convinced that the present warning system should be abandoned.

The Safety Board recognizes that the use of numbers is appropriate for international shipments where a cargo may pass through several countries, each with a different language. However, this situation does not exist for domestic shipments. Therefore, the DOT should require the use of the type of warning system which is capable of alerting the majority of those affected by the transport of hazardous materials. Hazard warning and material identification are most easily communicated with words rather than numbers. The Safety Board does not believe that the proposed numeric system accomplishes this objective.

Another concern is the DOT's creation of a numeric code, "10," in column 7 of the hazardous materials table to identify when packages containing specific hazardous materials must be marked "INHALATION HAZARD." Rather than clearly stating that the package must be marked "INHALATION HAZARD," the code "10" special provision states that bulk and nonbulk packagings shall be marked in accordance with Subpart D of Part 172. Subpart D of Part 172 then references requirements in Section 172.313, thus making it necessary for the user of these regulations to piece together several provisions to determine that a package must be marked "INHALATION HAZARD." The DOT has the capability to identify those materials in its hazardous materials table which meet the criteria established for identifying materials that pose toxic inhalation hazards. Therefore, to make compliance with its regulations easier, the Safety Board encourages the DOT to identify those materials listed in its hazardous materials table that must be marked "INHALATION HAZARD" and then to identify those materials by placing the code "10" in column 7 on the same line as the listed material.

The proposed changes would require that if a material is described by a "not otherwise specified" (n.o.s.) entry in the 172.101 table, the technical name of the material shall be entered in parentheses immediately following the proper shipping name. If the material is a mixture of two or more hazardous materials, the DOT, without justification, has proposed that the names of only the two components most predominately contributing to the hazard(s) of the mixture shall be entered in parentheses. The Safety Board believes that all components on an n.o.s. entry which contribute to the hazard(s) of the mixture should be entered on the shipping paper and sees no justification, based on safety, to limiting the entry to two components.

The need for complete information on the materials contained in waste shipments was illustrated by an accident on March 6, 1984, in Orange County, Florida, which involved a cargo tank of mixed hazardous waste acids described as waste acid liquid, n.o.s. Twelve persons who came in contact with the vapors were injured, four seriously. Based on its investigation of the accident, the Safety Board recommended that the RSPA:

> I-85-10
>
> Determine the adequacy of general shipping names on shipping papers for hazardous wastes and the need for additional information, such as technical and chemical group names, to better inform emergency response personnel about the composition and hazard of the material being shipped.

The Safety Board concluded that contributing to the accident was a "lack of information available to emergency response personnel from shipping papers, the shipper, and the carrier about the composition and hazards of the waste material." The Safety Board urges the RSPA to accomplish the safety objectives of Safety Recommendation I-85-10 in the final regulations.

Packaging Requirements

Performance Standards.--While the Safety Board supports and has previously urged the DOT to develop performance-oriented packaging standards, it is essential that any increased flexibility in the design for packagings be accompanied by increased responsibility for proving the adequacy of a packaging. Such proof must include, as a minimum, packaging tests that demonstrate that acceptable levels of safety performance will be experienced during conditions normally incident to transportation, including conditions experienced during accidents. The proposed general requirements for testing nonspecification packagings (49 CFR 178.601) state that the test procedures prescribed are intended to ensure that packages containing hazardous materials can withstand normal conditions of transportation; yet, the proposed tests are insufficient for demonstrating how packages will perform when subjected to stresses in the actual transportation environment, i.e., extended periods of vibration, abrasion, puncture, extreme temperature, and accident conditions.

Some of the proposed test acceptance criteria prescribed for performance-oriented nonbulk packages actually are less severe than the acceptance criteria presently required for specification packages. This rulemaking fails to justify or to otherwise demonstrate the adequacy of the proposed test requirements for providing an appropriate margin of safety. For example, when phosphoric acid is transported in a drum under current regulations, the drum must pass a leakproofness test at 15 psig. Under the proposal, however, that same material may be shipped in a drum that passes a leakproofness test at only 2.9 psig. The effect of this reduction on transportation safety is not defined. On the other hand, some proposed tests, such as the hydrostatic and drop tests, have incorporated improved testing procedures by requiring in the prescribed test procedures consideration of the physical characteristics of hazardous materials, such as vapor pressure and specific gravity. Those changes should help to better determine if specific packages will properly retain dangerous materials. Nevertheless, we are concerned that an appropriate safety analysis has not been performed to demonstrate that the proposed package performance tests and acceptance criteria will achieve acceptable levels of safety.

While the proposed package performance test standards generally follow the UN-recommended performance test standards, the rulemaking does not adequately address the relevancy of the UN-recommended tests to the U.S. transportation environment. The NPRM notes that a number of comments in the ANPRM questioned the applicability of UN standards in the United States. The transportation environment conditions in the United States can vary significantly from conditions in Europe, e.g., 50 or more hours of continuous package vibration is not unusual in the United States, whereas such continuous vibration would be unlikely in Europe. Furthermore, the NPRM notes that a number of comments in the ANPRM believe that vibration places abrasion and fatigue stresses on packages. Therefore, a package may prove to be unsatisfactory in spite of its ability to survive a drop test. As a result of those concerns expressed in the ANPRM, the NPRM contains a requirement in Section 173.24a that each nonbulk package be capable of withstanding a vibration test. However, the proposed vibration test is for a period of only 1 hour, and the proposed regulation does not explicitly require that the vibration test prescribed in appendix C be performed. Additionally, no other tests have been added to address abrasion, fatigue, or puncture stresses experienced in the U.S. transportation environment. Therefore, the Safety Board does not believe that the tests, as now proposed, adequately address the comments to the ANPRM on the suitability and acceptability of the UN performance test standards when applied to the transportation environment in the United States as compared to Europe.

During a public hearing held November 17-18, 1987, several participants again questioned the suitability and adequacy of the proposed test standards for evaluating the safe performance of packagings for the U.S. transportation environment. The chairman of the board of directors of the National Barrel and Drum Association (NABADA), a trade association representing the container reconditioning industry, expressed the following concerns:

> The vibration test is too inadequate to have any relevance to steel drums and the real transportation environment; hydrostatic pressure test requirements will often be lower than current requirements; and, leak test pressures are proposed to be reduced by more than 70 percent for new containers in Packaging Group I and more than 58 percent for Packaging Group II.
>
> Five years ago, when commenting on the ANPRM, the association urged the "immediate initiation of comprehensive technical research to correlate performance standards with actual conditions encountered in U.S. transportation . . . unfortunately nothing was done. Technically, NABADA is in no position to suggest what additional performance tests might be developed to assure greater container strength to resist puncture, abrasion, and real transportation vibration (not 1 hour, but 30, 40, or even 50 hours)."

The General Counsel to the Conference on Safe Transportation of Hazardous Articles, Inc., expressed the following concerns:

> In larger packaging, . . . particularly 55-gallon drums, the UN recommendations appear to be inadequate. A packaging which meets the UN performance tests alone will not function dependably in real transportation, especially on the extensive American highway and rail systems. Many drums used today in Europe are satisfactory, but it is unclear to what extent (if at all) the European community has implemented pure UN standards and phased out other specifications. It also is unclear to what extent existing European quality results from supplemental requirements imposed by governmental testing agencies, above and beyond basic UN criteria.
>
> While all the rigid detail of today's specifications may not be necessary, until there is development of a performance standard that truly measures the transportation strength of a packaging, some elements of today's design standards should be retained. Minimum strength and thickness of materials of construction are among these elements.

The Safety Board also questions the practicality of proposed specific package minimum thickness requirements for reuse packages while no minimum thickness requirements are proposed for most of those same new packages. Before any package, new or used, is permitted to be used to transport any hazardous material, it first should be demonstrated that the package will pass all packaging performance tests. The Safety Board believes it is important that these matters be evaluated before nonbulk, performance-oriented packaging requirements are permitted to replace specific packaging standards.

Hazardous Wastes Packaging.--The proposed regulations will permit, without further qualification, the transportation of hazardous wastes in used packages even though they may not be considered reusable for nonwaste hazardous materials. Section 173.12(c) states that "A packaging which is non-reusable according to the specification requirements of Part 178 of this subchapter or to 173.28 of this Part may be reused for the shipment of hazardous waste to designated facilities" if the "package is not offered for transportation less than 24 hours after it is finally closed for transportation, and each package is inspected for leakage and is found to be free from leaks immediately prior to being offered for transportation." The Safety Board believes that package safeguard requirements should not depend on whether a material is intended for commercial use or waste disposal. Rather, the transportation safety requirements of a material should depend on its hazard characteristics during transportation. Containers that are too thin or otherwise would fail to pass reuse performance requirements for shipments of hazardous materials also should be prohibited for wastes which possess equivalent or worse hazard characteristics. In 1985, in the supplementary information to Docket HM-183, the RSPA acknowledged "that there is no significant difference in the risks associated with the transportation of hazardous wastes and other types of hazardous materials." The Safety Board agrees that many wastes pose no less of a hazard than pure materials. However, some waste solutions, such as mixtures of hydrochloric acid and nitric acid, result in a more reactive solution than the individual pure materials. Consequently, we believe that packagings for waste materials at least should meet the same standards of performance as that required for other hazardous materials.

Bulk Packaging.--While the proposed hazard classification and identification system will group materials with like hazard characteristics more uniformly, bulk packaging safety requirements (for highway cargo tanks and rail tank cars) are sometimes inconsistent between commodities within the same hazard classification group with no apparent justification. For example, the Safety Board identified 14 poisonous gases (2.3) (including chloropicrin and methyl chloride mixtures, methyl bromine, and nitric oxide) which require packaging group I nonbulk packagings and which may be transported in cargo tanks under the current regulations. We also identified 21 other poisonous gases which require packaging group I nonbulk packagings but which may not be transported in bulk highway cargo tanks unless specifically approved by the Director, Office of Hazardous Materials Transportation (OHMT). Those materials include arsine, hydrogen selenide anhydrous, and nitrogen dioxide, liquefied. Additionally, we identified four poisonous gases which may be shipped in less stringent packaging group II nonbulk packagings but are prohibited from being transported in bulk highway cargo tanks under the proposed regulations. These include boron trifluoride, coal gas, nitrosyl chloride, and tetraethyl dithiopyrophosphate and gases in solution or with gas mixtures LC 50 $\leq$ 200 ppm.

The Safety Board also has found inconsistent requirements for bulk shipments of hazardous materials in tank cars which would result in a reduced level of safety. Section 173.314(b)(6) provides grandfather protection for tank cars built before December 30, 1971, that are used to transport flammable gases (2.1). Such tank cars would not be required to have heat-resistant gaskets for manway covers and mounting for fittings. The proposed regulation would require that tank cars manufactured after December 30, 1971, have gaskets made of heat-resistant materials approved by the Association of American Railways (AAR) Tank Car Committee; yet, the AAR has not developed standards for gasket materials. Additionally, there are still exceptions to the regulations that permit tank cars with a capacity of 18,500 or less gallons to be used for transporting flammable gas when those tank cars do not provide equal levels of protection required for larger cars, i.e, head shields and thermal insulation. As yet, the DOT has not provided any justification for this exception. The Safety Board believes that it is time to stop permitting tank cars that fail to meet current minimum safety requirements to be used to transport dangerous materials under "grandfather clauses." As a minimum, the DOT should establish a specific date by which all tank cars would have to comply with the new requirements.

While the DOT is attempting in its rulemaking to strengthen the packaging requirements for liquids and gases which pose toxic-by-inhalation hazards, the Safety Board is concerned that the use of J-type tank cars, which are equipped with large volume pressure relief valves, may not be appropriate for transporting toxic materials since these materials should not be released to the atmosphere. Furthermore, the requirements for using J-type (tanks equipped with protection against head puncture and thermal exposure) or S-type (tanks equipped with protection against head puncture only) tank cars seem to be arbitrary as materials with equivalent hazards sometimes are assigned to J-type tank cars and sometimes to S-type tank cars.

About 30 materials previously prohibited from being transported in bulk, such as phosgene, now are permitted. However, all such previously prohibited materials are not proposed to be transported in packagings that provide the greatest protection during transportation accidents. Before these materials are permitted to be transported in bulk, the DOT must demonstrate that all proposed packagings will be constructed to minimize the risk of any release during transportation, including the elimination of exceptions which permit hazardous materials to be transported in packagings that do not meet all safety requirements. Any materials believed to pose a risk so great that no release from packagings during transportation could be considered acceptable, especially in bulk quantities, should be subject to rigorous performance tests that demonstrate the integrity of the container through severe accident conditions, such as tests currently performed on some radioactive materials packagings.

This rulemaking proposal does not address the need of requiring the use of tank cars protected by head shields and thermal insulation for transporting all materials with an isolation radius of 1/2 mile or more as specified in the DOT's Emergency Response Guidebook. (See Safety Recommendation R-85-105.) Any material, when packaged in rail tank cars, which is so hazardous as to warrant large public evacuations during emergencies also should warrant protection from release or violent rupture of its container. The Safety Board urges the RSPA to incorporate requirements into the final rule appropriate to accomplish this safety objective.

In summary, the Safety Board believes that this proposal, on the whole, is a substantial improvement and, therefore, we support adoption of most of the proposed changes. However, the proposal contains certain deficiencies which the Safety Board believes must be rectified before all aspects of the proposed rule are made final. We believe that the following corrective actions can be taken without causing any appreciable delay in the implementation schedule:

> Identify in the hazardous materials table and require the identification on shipping papers and on transportation vehicles the known subsidiary hazards of materials transported.
>
> Maintain for domestic shipments the presently required hazard warning information on shipping papers, labels, and placards for communicating, in plain language, the hazards posed by materials. The U.N. hazard class number also could be used, but it should not replace the present hazard warning system.
>
> Use proposed code "10" in the hazardous materials table as a positive means for denoting materials which must be marked "INHALATION HAZARD."
>
> Require that all components of a waste or mixed material which contribute to the hazards of the material be entered on the shipping paper.
>
> Require that packaging standards for waste materials meet the same standards as nonwaste materials which pose equivalent hazards.
>
> Establish a specific date by which the "grandfather clauses" no longer permit hazardous materials to be transported in railroad tank cars that do not meet present safety requirements.
>
> Require that railroad tank cars used to transport materials with a DOT Emergency Response Guidebook recommended evacuation radius of 1/2 mile or more be equipped with head shield protection and, as applicable, with thermal insulation.
>
> Establish or adopt an existing performance standard for heat-resistant gaskets that are required for tank car manway covers and for mountings for fitting.
>
> Based on an evaluation of the product characteristics of liquids and gases which pose toxic-by-inhalation hazards, modify the proposed tank car packaging assignments to require the use of appropriate tank car head puncture and thermal protection for materials that pose equivalent hazards.

The Safety Board recognizes that the following improvements, called for in its comments above, will require additional study and/or research and thus cannot be done expeditiously:

> Conduct tests and perform appropriate safety analyses to determine whether the proposed nonbulk, performance packaging standards provide adequate protection against vibration, abrasion, puncture, extreme

temperature, and accident conditions for the U.S. transportation environment.

Conduct tests and perform appropriate safety analyses to identify the risks posed and to demonstrate the containment capability of packagings proposed for transporting materials previously prohibited from transportation in bulk.

For the two above instances, the Safety Board believes that the RSPA should proceed with a final rule which leaves the present requirements in place in lieu of the relaxed standards contained in the proposal. At a later date, when the RSPA has completed the necessary testing and has analyzed the results, a supplementary rulemaking based on its findings then could be issued. In the interim, this more conservative approach will provide greater protection for the public.

The Safety Board appreciates the opportunity to make these comments and urges RSPA to move expeditiously on this rulemaking.

Respectfully yours,

ORIGINAL SIGNED BY
JIM BURNETT

Jim Burnett
Chairman

QUESTIONS SUBMITTED BY SENATOR KASTEN

Senator Kasten. Mr. Burnett, you are aware that Congress last year passed a law banning smoking on airline flights of two hours or less.

We have been assured that the threat of stiff fines and the presence of smoke detectors in the lavatories will deter people from lighting up or will alert the crew when someone is smoking surreptitiously. Are you confident that smoke detectors will work and that they cannot be masked or otherwise disabled?

Answer: The Board has not taken a position on this matter, however, I personally am not confident that they cannot be disabled. I think the airlines have taken steps to try to prevent that, although I understand there are still some ways that they can be disarmed.

Senator Kasten. Mr. Burnett, as you know, last year Congress passed a law banning smoking aboard airline flights of two hours or less. During the last two decades, there has been much public debate on this issue -- most of it focusing on whose "rights" should be protected. Yet it seems to me that throughout the debate there has been far too little discussion of how a ban will affect safety, particularly fire safety. And with the ban taking effect next month, I am growing more and more anxious and concerned that we haven't thought this thing through.

We have heard that except for midair collisions, in-flight fires, though rare, are the most terrifying safety threat airline crews face. As one whose paramount concern is and must be safety, would you comment on the smoking ban and its implications for fire safety?

Answer. I have had some concern about the fact that the ban might increase surreptitious smoking on board aircraft. The places where we have had some experience with this, for instance, out in California wherein state flights already are non-smoking flights, would suggest that major problems have not shown up at this point. All it takes, however, is one surreptitious smoker to really cause a problem if, for instance, they try to hide their cigarette in the back of the seat pocket, or wrap it up in tissue. We have had this situation on one flight where someone wrapped his smoldering cigarette in tissue in order to dampen the smoke and then put it into the trash receptacle. This is a cause for concern.

DEPARTMENT OF TRANSPORTATION

RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION

STATEMENT OF M. CYNTHIA DOUGLASS, ADMINISTRATOR

ACCOMPANIED BY:

ELAINE ECONOMIDES, DEPUTY DIRECTOR, OFFICE OF HAZARDOUS MATERIALS TRANSPORTATION

LLOYD MILBURN, DIRECTOR, OFFICE OF EMERGENCY TRANSPORTATION

LOU ROBERTS, DIRECTOR, TRANSPORTATION SYSTEMS CENTER

ROBIN CALDWELL, DIRECTOR, OFFICE OF AVIATION INFORMATION MANAGEMENT

DICK BEAM, DIRECTOR, OFFICE OF PIPELINE SAFETY

INTRODUCTION OF ASSOCIATES

Senator LAUTENBERG. Ms. Douglass, we welcome you this morning. You always seem to get to wait long and we appreciate the fact that you are patient and that you are ready to go ahead with the testimony you have. You have colleagues with you; please identify them.

Ms. DOUGLASS. Senator, I want to identify my colleagues. With me this morning, to my left is Elaine Economides. Elaine is the new Deputy Director of the Office of Hazardous Materials Transportation. To my far left is Lloyd Milburn, Director of our Office of Emergency Transportation. To my far right, is Lou Roberts, the Director of the Transportation Systems Center in Cambridge, MA, and Robin Caldwell, the Director of the Office of Aviation Information Management, and Dick Beam, who is the Director of our Office of Pipeline Safety. We are here to be responsive to you and to your questions.

BUDGET REQUEST

As you already stated this morning, we are requesting a budget of a little over $25 million, which is about a $3.9 million increase over last year's budget and that would include a hazardous materials budget of about $9.7 million which reflects an increase of $1.2 million and seven staff for the Office of Hazardous Materials Transportation.

SUMMARY OF OHMT BUDGET REQUEST

This budget level will allow RSPA to continue an aggressive rulemaking and enforcement program and further our federal-state partnership and allow for the implementation of the Department's proposal to amend the Hazardous Materials Transportation Act.

That proposal, H.R. 4069, was recently introduced by the leadership of the House Public Works Committee and adoption of the concepts in that proposal is one of our top priorities for this year. We intend to work very closely with the Congress to achieve enactment this year. I don't know if it is possible, because we have such a short timeframe.

In our Hazardous Materials Office, we have a relatively small budget and a relatively small staff, but I do believe that the public has received tremendous payoff from our programs.

Last year, of the 6,142 reported incidents nationwide involving hazardous material transportation, there were 13 fatalities and 340 injuries. I think that the program we have outlined for this year and for next year will assist us in making further improvements in those figures.

SUMMARY OF OPS BUDGET REQUEST

The pipeline safety budget is $9.7 million, which reflects an increase of $1.2 million and one position. This budget will allow us to continue our program. Our Pipeline Safety Program is funded by a user fee assessed to the pipeline industry.

We have had no implementation or collection problems. However, a federal district court in Oklahoma did declare the fee unconstitutional. We are appealing this decision to the Supreme Court and our appeal must be filed by May 9 of this year. We will continue to collect the assessment pending a Supreme Court decision. We expect to prevail in the Supreme Court, but, if not, I am certain that we will recommend a legislative fix.

I do want to mention that within this pipeline budget, we are requesting $4.75 million for our Pipeline Safety Grant-in-Aid Program. This is about a $500,000 increase over our fiscal year 1988 appropriation of $4.275 million. The fiscal year 1988 grant appropriation was $725,000 less than we requested and it was the lowest amount appropriated since 1984.

This grant program is money that goes directly to the states and it gives the states the opportunity to expand their programs, to hire more inspectors, to take on more responsibility and I think it is a very cost beneficial program to the federal government.

Again, our Federal Pipeline Safety Program does have a very minimal impact on the federal deficit and yet it is extremely effective. In fact, 1987 was one of the safest years ever.

Oil and gas transmission pipelines had zero fatalities and 30 injuries, which was the lowest ever. The natural gas distribution system had eight fatalities, which was the lowest ever, and it had 81 injuries, which was about the second lowest ever.

When one considers that there are over 1.5 million miles of pipeline transporting hazardous materials at a very high pressure, I think that this does constitute an excellent safety record.

SUMMARY OF AIM BUDGET REQUEST

With respect to Aviation Information Management, the fiscal year 1989 budget request is $1.298 million. We anticipate collecting another $1.1 million in user fees, so that budget is about $2.4 million, somewhere in that neighborhood, for fiscal year 1989.

That is about the same level that we are spending right now. In fiscal year 1988 it was necessary to move the Aviation Information Management Program's data collection and data processing functions from TSC in Cambridge back to Washington, DC, and that reflects the increase in seven staff and we are asking funding, in particular, for those seven staff people.

SUMMARY OF TSC BUDGET REQUEST

With respect to the Transportation Systems Center in Cambridge, our budget request is for 520 positions and, as in prior years, no budget authority is requested for the fiscal year 1989 budget because TSC is funded through a working capital fund and there are no major capital acquisitions being requested. TSC's working capital fund is financed through negotiated agreements with project sponsors such as the FAA.

Last year TSC did about 87 million dollars' worth of research and in 1988 we expect to do about 95 million dollars' worth of research.

In keeping with the President's policy of identifying those programs within the federal government that might be performed by the private sector, we have proposed legislative authority to study and plan for the transfer of TSC to the private sector. That legislation has not yet been introduced.

Senator LAUTENBERG. You don't say to study in your written comments here. You say "to plan for." That is kind of conclusive, I think. I hope to study first.

Ms. DOUGLASS. That's the intent of the legislation, to allow us to study it and then to make recommendations.

Senator LAUTENBERG. And see if the recommendations call for a plan to transfer it?

SUMMARY OF ORT BUDGET REQUEST

Ms. DOUGLASS. Yes; we are creating in 1988 and 1989 a new Office of Research and Technology within RSPA, and that office will be composed of seven people, including Fred Singer, who is our department's chief scientist, and the Deputy Administrator for Research and Technology in RSPA.

This new office includes seven FTE's, one is Fred, and the other six are FTE's who were transferred to RSPA by Congress last year to administer the technology sharing responsibilities which were formerly carried out in the Office of the Secretary.

RSPA's new Office of Research and Technology will carry out this transferred function and other functions as well.

In particular, the six FTE's will be doing technology sharing but they will also be doing other functions as well, such as radio navigation and communication research, support for the university transportation center program and a variety of R&D coordinating activities.

That concludes my statement and I will be glad to answer any questions.

PREPARED STATEMENT

Senator LAUTENBERG. Thank you. Your complete statement will be inserted in the record.

[The statement follows:]

STATEMENT OF M. CYNTHIA DOUGLASS

Good morning, I am pleased to be here today to present the President's budget request for the Research and Special Programs Administration (RSPA) for Fiscal Year 1989.

This request reflects Secretary Burnley's commitment to a safe and efficient transportation system—a commitment which I wholeheartedly share. We are requesting a total of $25,281,000 for FY 1989 as compared to our FY 1988 appropriation of $21,382,000. This total reflects $15,558,000 for Research and Special Programs and $9,723,000 for Pipeline Safety (the pipeline safety program is funded entirely by user fees up to the amount prescribed in the annual appropriation).

Currently, RSPA has responsibility for the following programs:

- Office of Hazardous Materials Transportation (OHMT) - OHMT is responsible for a national safety program to protect against risks to life and property inherent in the transportation of hazardous materials in commerce (other than bulk transportation on board vessels).

- Office of Pipeline Safety (OPS) - OPS is responsible for the development and enforcement of regulations necessary to ensure the safe transportation of hazardous liquids and natural gas by pipeline.

- Aviation Information Management (AIM) - The AIM program provides consistent and comprehensive air carrier financial and statistical data that portray the results of operations in the air transportation industry.

- Office of Emergency Transportation (OET) - OET's responsibility is to assure there is an organizational structure and procedures for the continued viability of the Department as well as the operation of this country's civil transportation system to meet defense and essential civil needs in the event of a national emergency.

- Transportation Systems Center (TSC) - TSC's mission is to provide research and analytical support to all of the DOT operating administrations, the Office of the Secretary, and other Federal agencies.

- Transportation Safety Institute (TSI) (in the Office of Program Management and Administration) - TSI conducts comprehensive training programs in transportation safety and security for Federal, State, and local government officials involved with all modes of transportation; e.g., training State truck safety inspectors.

- Statistics, Data, and Information (in the Office of Program Management and Administration) - RSPA has the general responsibility for planning, developing, and coordinating a comprehensive transportation statistics and information program.

- Office of Research and Technology (ORT) - ORT assures that the Department conducts a coordinated, cost-effective program of Research and Development, whose results and other technical materials are also made available to State and local governments and others. It also guides and coordinates the adoption of radionavigation systems and supports the Departmental mandate to initiate a system of University Transportation Centers.

RSPA's FY 1989 budget request represents an increase of $3.9 million over the amount appropriated for FY 1988. Some significant highlights are:

- An increase of $1,212,000 in budget authority and seven permanent positions in the Office of Hazardous Materials Transportation, to allow RSPA to continue ongoing efforts to implement important initiatives, including recommendations of the Secretary's Safety Review Task Force. In addition, it will allow RSPA to expand the Federal/State relationships established for assisting States in developing their hazardous materials enforcement and emergency response capabilities.

- An increase of $1,173,000 and one position in the pipeline program. The increase includes $475,000 in budget authority over the FY 1988 appropriation to fund the natural gas and hazardous liquid pipeline safety grant program. The FY 1988 appropriation for pipeline safety grants was the lowest amount appropriated since 1984. The additional grant program funding will allow States to increase their inspection activity and allow for additional training for State and Federal inspectors. the increase also will allow RSPA to carry out important research and development projects.

- An increase of $495,200 in budget authority and seven permanent positions in the Office of Aviation Information Management to relocate the office's program data collection and data processing functions from the Transportation Systems Center in Cambridge, Massachusetts to Washington, D. C.

- An increase of $563,600 in budget authority for the Office of Research and Technology (previously partially funded and located in the Office of the Secretary but transferred to RSPA in the Department's FY 1988 Appropriation) to initiate studies on priority transportation problems identified by State and local government officials, to assess the global positioning system and to implement its integration within the civil community.

Office of Hazardous Materials Transportation (OHMT)

RSPA is requesting an appropriation of $9,695,000 to carry out the Hazardous Materials Transportation Program. This figure includes $8,580,000 for operations and $1,115,000 for research and development. It reflects an increase of seven positions and $1,212,000 in budget authority to enable us to act upon a broad range of complex regulatory issues. A description of the positions requested is in our FY 1989 budget submission.

This budget level wil allow RSPA to continue an aggressive rulemaking and enforcement program, further our Federal/State partnership, and allow for the implementation of the Department's proposal to amend the Hazardous Materials Transportation Act (HMTA). This proposal, HR 4069, was recently introduced by Chairman Howard of the Public Works and Transportation Committee. Adoption of the concepts in this proposal is one of our top priorities, and we intend to work closely with the Congress to achieve enactment this year.

The safety record for the transportation of hazardous materials in the United States has been very good. Last year, of the 6,142 reported incidents nationwide involving hazardous materials transportation, there were 13 fatalities and 340 injuries. A chart of reported incidents occurring from 1977-1987 is attached as Appendix I.

I am committed to ensuring that this excellent record continues. The budget for FY 1989 will allow RSPA to continue and improve the following safety programs at an appropriate level.

(1) Collection of safety data;

(2) Enforcement of safety regulations and coordination of activities of all modes relating to hazardous materials transportation enforcement;

(3) Continuation of rulemaking:

  (a) cargo tank specifications,

(b) performance-oriented packaging standards,

(c) recodification of DOT's explosive regulations,

(d) a broad spectrum of proposals covering such areas as regulation of molten materials, emergency response communications, regulation of intrastate commercial transport, and packaging standards for uranium hexafluoride,

(e) training standards for drivers and handlers of hazardous material, and

(f) standards for highway routing of certain hazardous materials;

(4) Support for training of Federal and State hazardous materials transportation safety inspectors at TSI and development of self-teaching packages for use on-the-job in field situations;

(5) Continuation of Federal/State workshops on hazardous materials transportation;

(6) Distribution in FY 1988 and FY 1989 of the newly revised Emergency Response Guidebook to the emergency response community; and

(7) Continuation of hazardous materials safety research and development.

A more detailed description of our hazardous materials program follows:

Our FY 1988 appropriation included seven additional positions for OHMT. Six of these positions have been filled or will be filled shortly since candidates have been selected, but have not yet reported to work. One position is still under active recruitment.

Several actions recommended by the Secretary's Safety Review Task Force will require funding in FY 1989. An increase of $40,000 over the FY 1988 level is requested to broaden the capability and flexibility of the Hazardous Materials Information System (HMIS). These system enhancements will support our decisionmaking and policy development process, expand our capability to do specialized statistical reports and trend analyses, and continue ongoing efforts to make the HMIS more accessible to other Federal, State, and local potential users.

In addition, we are requesting $160,000 to initiate a limited hazardous materials registration program for shippers and/or a limited permit program for carriers, should legislation and the rulemaking process support implementation.

Priority rulemakings for FY 1988 and continuing into FY 1989 are:

Performance-oriented Packaging Standards: This is a rulemaking action which proposes performance-oriented packaging standards in place of existing design-oriented specifications, a new hazardous materials table and improved hazard classification procedures. RSPA issued the Notice of Proposed Rulemaking (NPRM) in CY 1987 on performance-oriented packaging standards. This rulemaking is complicated and controversial. In particular, the proposal to reclassify anhydrous ammonia from nonflammable gas to poisonous gas has proven to be quite controversial. Evaluation of comments will extend into FY 1989 and supplemental proposals addressing requirements for carriers are anticipated in FY 1989.

Cargo Tank Safety: These proposals address the design, maintenance, and testing of highway cargo tanks, such as those used to deliver gasoline and other fuels. The cargo tank safety rule has produced significant controversy. RSPA has received numerous comments, including substantive alternative proposals. The complexity and scope of the issues addressed by the commenters exceeded expectations and has lengthened the evaluation process. Accordingly, RSPA has conducted a series of working meetings with these commenters to clarify the meaning of their comments and to discuss the alternative proposals made in comments. These meetings, which are open to the public, have continued into 1988. Because of the complexity of the rulemaking and the time-consuming process of resolving the many diverse issues, we anticipate publication of a final rule in early FY 1989.

Training: This rulemaking action proposes comprehensive training requirements for persons involved in the transportation of hazardous materials, particularly for drivers of commercial motor vehicles. It will complement regulations issued by the Federal Highway Administration (FHWA) addressing commercial drivers' licenses and regulations issued by the Occupational Safety and Health Administration. RSPA expects to issue an NPRM in April 1988 and a final rule in FY 1989.

Emergency Response Communication Standards: This rulemaking action proposes to improve emergency response communication standards. We have proposed that: (1) each shipping paper bear a phone number where someone can be reached 24 hours a day for emergency response information, and (2) each vehicle transporting a hazardous material have a copy of the Emergency Response Guidebook (ERG) or an equivalent source of first responder information. More than one million copies of the ERG, which was revised in 1987, have been distributed. RSPA plans to publish a final rule this spring.

Highway Routing of Hazardous Materials: RSPA is developing a rulemaking concerning routing guidelines and criteria for certain types and quantities of hazardous materials. We expect to publish an Advance Notice of Proposed Rulemaking (ANPRM) in FY 1988, with rulemaking action continuing in FY 1989.

Intrastate Transportation of Hazardous Materials: This rulemaking action proposes to extend application of the Hazardous Materials Regulations to all intrastate transportation of hazardous materials in order to improve transportation through increased uniformity of requirements and application of the regulations to previously unregulated or inadequately regulated activities. We are reviewing the comments on the ANPRM and expect to publish an NPRM in FY 1989.

During the remainder of FY 1988 and in FY 1989, RSPA expects to publish final rules concerning a number of issues, including the regulation of molten sulfur, packaging standards for uranium hexafluoride, standards for the construction of fireworks, overpacks for radioactive materials, and incident reporting. We also anticipate publishing NPRM's addressed, in part, to detection and repair of cracks and other defects in tank cars, quantity limitations on aircraft, specifications for cylinders, standards for explosives, and regulation of molten metals.

In enforcement, RSPA is responsible for overseeing compliance with regulations applicable to the manufacture, reconditioning, and retesting of DOT specification containers, and multimodal transportation of hazardous materials. Continuing its role of providing assistance to other Federal and State organizations, OHMT's Enforcement Division worked with the U. S. Customs Service, the U. S. Coast Guard, the Consumer Product Safety Commission, and the Bureau of Alcohol, Tobacco and Firearms, in a joint operation of inspection of imported fireworks shipments at the ports of Oakland and San Francisco. The Enforcement Division took enforcement action on a referral from the State of Alabama with respect to a shipment of radioactive materials in noncompliance with the Hazardous Materials Regulations. OHMT also worked closely with the Coast Guard in inspecting international shipments of hazardous materials at major U. S. ports. The Enforcement Division provided training in radioactive materials to the Coast Guard in Tampa, Florida, and Hampton Roads, Virginia. OHMT also worked out an agreement with the Coast Guard and the Customs Service to prevent distribution in Puerto Rico of non-DOT approved foreign manufactured compressed gas cylinders.

A key to the effectiveness of our enforcement efforts has been RSPA's interaction with the States. In FY 1989 we plan to continue sponsoring the Cooperative Hazardous Materials Enforcement Development (COHMED) Program workshops. It is through COHMED that the Federal and State personnel responsible for hazardous materials transportation share information regarding regulations, training, interpretations, enforcement, and research which will assure a better regulatory scheme and more uniformity. Both goals provide the public with an increased level of safety. These workshops have been very successful. In fact, we have initiated a number of recommendations developed in the workshops including developing and establishing procedures to provide for the uniform interpretation of the HMTA and the Hazardous Materials Regulations; the development of a menu-driven program to enable States to tap into the Department's exemptions and interpretations data bases; development of a Hazardous Materials Modular Inspection/Enforcement Training Package; development of a COHMED newsletter, the "Reporter"; development of a quick notification bulletin, the "Bullet"; and expansion of COHMED activities to encompass emergency response planning and training.

We also plan to continue supporting regional workshops focused on radioactive materials transportation issues. These workshops were implemented by RSPA in cooperation with the Department of Energy, the Nuclear Regulatory Commission, and the Federal Emergency Management Agency (FEMA) to foster coordination and cooperation among States, Indian tribes, and Federal agencies which have regulatory and enforcement responsibilities for assuring the safe transportation of radioactive materials. These workshops provide a forum for sharing information regarding routing of nuclear materials, emergency preparedness and response to accidents, inspections and enforcement, and notification of shipments.

IN FY 1989 RSPA also plans to initiate a "Hazardous Materials Specialist Program" under which selected State personnel could spend brief tours of duty with RSPA. They would be expected to participate in administering the Federal Hazardous Materials Safety program, recommend methods for improving Federal/State relationships, and return to their organizations with greater knowledge and ability to operate their state programs. The Hazardous Materials Specialist Program will promote closer Federal and State cooperation by creating greater understanding of differences in respective approaches to problem solving.

In FY 1987, RSPA and FEMA initiated the Hazardous Materials Information Exchange (HMIX) to help State and local emergency response officials plan for hazardous materials emergencies. It provides for a toll free telephone number and an electronic bulletin board accessible by any personal computer with a communications capability. Users can obtain up-to-date information on hazardous materials training, planning events and conferences, and emergency response experiences. In its first year of operation, the HMIX attracted 1400 users representing fire departments, emergency medical services, State and local public safety agencies, public interest groups, industry and other Federal agencies. We have since restructured the system to better respond to users' needs and have distributed revised user's guides and promotional literature to further expand the accessibility of the system. In FY 1989 we plan to continue our efforts to foster improved coordination of Federal, State, local, and private sector initiatives in hazardous materials transportation safety and emergency response.

RSPA and FEMA signed a Memorandum of Understanding (MOU) in April 1987, that defines our respective roles and responsibilities for emergency response involving the transportation of hazardous materials. The MOU also identified areas of cooperation and collaboration for both agencies in developing strong emergency management programs and emergency response initiatives, and in mid-1987 a two-year plan for implementation of this collaborative effort was developed.

Another key to better enforcement and uniformity is the training of State enforcement personnel, much of which is conducted at RSPA's Transportation Safety Institute (TSI). In FY 1989, RSPA is requesting $350,000 to cover partial costs of staffing and training at TSI. The State share of funding for training can be substantially met through Federal funding under the Motor Carrier Safety Assistance Program (MCSAP), a grant program carried out under the Surface Transportation Assistance Act, as amended. In order to be able to use tuition fees to provide funding support for our TSI training effort, our budget request once again proposes specific language permitting the fees to be credited to the RSPA appropriation. Such language appears in our FY 1988 appropriations as well as that of the Urban Mass Transportation Administration and the Federal Highway Administration.

RSPA also represents the Department in several international forums that develop international standards for the transportation of hazardous materials. Application of international standards by governments throughout the world has a direct economic impact on U. S. hazardous materials shippers and carriers involved in export trade. The various international organizations in which RSPA participates are as follows:

1. The United Nations Committee of Experts on the Transport of Dangerous Goods, and its subsidiary bodies -
    (a) The Group of Experts on Explosives; and
    (b) The Group of Rapporteurs;
2. The International Maritime Organization Committee on the Carriage of Dangerous Goods;
3. The Dangerous Goods Panel of the International Civil Aviation Organization;
4. The Group of Experts on the Transport of Dangerous Goods of the Economic Commission for Europe Inland Transport Committee; and
5. The International Atomic Energy Agency.

RSPA's objective has been and will continue to be ensuring that the standards adopted by these international bodies provide satisfactory levels of safety and do not create artificial trade barriers to the U. S. hazardous materials industry. Some important areas involving future international activity include new standards, and adjustments to standards, pertaining to marine pollutants, gases, explosives, performance-oriented packaging, and radioactive materials.

Office of Pipeline Safety (OPS)

RSPA is requesting an appropriation of $9,723,000 to carry out the pipeline safety program. This figure includes $4,172,000 for operations and $801,000 for research and development. We are requesting $4,750,000 for pipeline safety grants, an increase of $475,000 over the amount appropriated in FY 1988.

The passage of "user fee" legislation established a pipeline safety account to fund pipeline safety activities within the limits of the fiscal year appropriations. The implementation of the pipeline user fee legislation has been very successful. However, by order dated December 30, 1987, the District Court for the Northern District of Oklahoma ruled that the pipeline user fee provision is an unconstitutional delegation of the Congressional taxing authority to the Department. The Department believes that the user fee provision is constitutional and is pursuing its right to appeal to the Supreme Court. Collection of the fees will continue pending the appeal.

The Natural Gas Pipeline Safety Act (NGPSA) directs the Secretary to establish safety regulations for facilities used in the transportation of natural gas and other gases by pipeline. Similar authority, the Hazardous Liquid Pipeline Safety Act (HLPSA) applies to the transportation of hazardous liquids by pipeline. RSPA's safety jurisdiction over pipelines covers more than 2,300 operators and 1.5 million miles of gas pipelines, and over 170 operators and more than 154,000 miles of hazardous liquid pipelines which transport petroleum, petroleum products, and anhydrous ammonia. Pipelines are our safest mode of transportation. In 1987, there were no fatalities resulting from incidents occuring on natural gas transmission pipelines and hazardous liquid pipelines. Of the 150 natural gas distribution pipeline incidents reported nationwide, there were 8 fatalities. A summary of the causes of gas and hazardous liquid incidents for 1987 is attached as Appendix II. In addition, appendix III reflects gas and hazardous liquid pipeline accidents and casualties over a ten-year period.

Both the NGPSA and HLPSA established State grant-in-aid programs to provide for State enforcement of the pipeline safety rules. The success of the natural gas and hazardous liquid pipeline safety programs is reflected in the overall decline in gas and liquid pipeline failures since 1978. Outside force damage, principally damage by mechanized excavation equipment, continues to be the largest single cause of pipeline failures. To address this problem, the gas pipeline regulations now require operators to have a damage prevention program. In addition, RSPA plans to issue an NPRM later this spring to establish a damage prevention program for hazardous liquid pipelines. RSPA encourages operator participation in a utility locator system so that persons contemplating excavation can use the "one call" utility locator to receive information on the exact location of pipelines in that area. RSPA also encourages the States to pass legislation requiring damage prevention programs. Currently, 35 States and the District of Columbia have enacted damage prevention legislation.

The most significant safety accomplishments are in the management of our enforcement program. We have implemented the operator inspection unit concept which allows us to better manage our inspection program. Under this approach, all pipeline operators which RSPA inspects have been divided into inspection units, with each unit representing a portion of an extensive pipeline system (or all of a small-size system) under the control of a responsible management element of an operator. This concept assures that each part of a pipeline system will be inspected on a periodic basis, and that at least a portion of large companies will be inspected annually. RSPA is performing a comprehensive inspection of each of the identified units on an expected average frequency of 2.5 years.

We have also implemented the pipeline inspection priorities program in our regional offices. This RSPA computer based program rates pipeline inspection operators on system characteristics, and accident data. The program will be expanded this year to include enforcement data and will be converted to ratings based on operator units. RSPA inspectors use this data as a management tool to prioritize inspections for those systems which require closer or more frequent scrutiny. We will make this program available to our State partners later this year. Additionally, RSPA has revised its enforcement practices to achieve more uniform nationwide enforcement.

In accordance with a provision in RSPA's FY 1987 pipeline authorization, RSPA issued an NPRM to require operators of gas pipelines and associated liquefied natural gas (LNG) facilities and hazardous liquid pipelines to report certain safety-related conditions in addition to the incidents or accidents they currently are required to report. These requirements are intended to prevent known unsafe conditions from going uncorrected by prompting government intervention, if necessary, to avoid the occurrence of an incident or accident. Operators would be required to report within five days of determination any conditions that could present an imminent danger or affect pipeline operational safety. This notification would enable State and Federal agencies to investigate promptly. The final rule will be issued this spring.

Comments received from two ANPRM's issued in FY 1987 on whether new or amended standards are needed for the safety of gas or hazardous liquid pipelines have been evaluated. Based on these public comments and the recommendations of the Department's two pipeline safety advisory committees, we are considering additional rulemakings which will include training and qualification standards for personnel involved in the operation and maintenance of gas and hazardous liquid pipelines; requirements that pipeline maps and records be maintained to show the location and pertinent characteristics of pipelines, and that the information be provided to State agencies for emergency response purposes; requirements for greater specificity in natural gas operation and maintenance procedures; and possible hydrostatic testing of certain hazardous liquid pipelines. We also will be proposing qualification standards for State inspectors provided our proposed pipeline reauthorization becomes law.

We receive advice on proposed regulatory changes from our technical advisory committees. As required by statute, the two technical pipeline safety standards committees (gas and hazardous liquids) meet to review proposed regulatory changes, additions, or deletions. Both committees meet individually on upcoming pipeline regulations and periodically have met jointly to assist me in reviewing studies and to make recommendations that affect our pipeline safety program. In FY 1987, the advisory committees met twice. I believe the results of these meetings set an example of how important this type of advice can be to a government program. The members of these committees are widely respected pipeline safety experts from industry, the government, and the public sector. They have given a great deal of their time to the pipeline program. Their advice allows us to have a far more effective pipeline safety program. The benefits are worth far more than the relatively few dollars we spend bringing these people together.

The Federal/State partnership in the natural gas and hazardous liquid pipeline safety regulatory and enforcement arena has been working very well. In fact, it serves as a model for our Federal/State workshops on hazardous materials transportation. Forty-seven States, Puerto Rico, and the District of Columbia, have developed gas safety programs by adopting Federal pipeline safety regulations and enforcing them, with respect to intrastate operators, with substantially the same sanctions as those employed by the Department. Two of these States, Delaware and New Jersey, refer enforcement actions to the Department. Eight States participate in the hazardous liquid program—six States have adopted and enforce Federal safety standards applicable to intrastate pipeline facilities and two States refer enforcement actions to the Department. We continue to provide grant monies and staff time to encourage States to take on more responsibility for pipeline safety.

The $4.75 million for grants being requested for the merged gas and liquid program is $475,000 more than the level of funding appropriated for FY 1988. An effective Federal/State partnership is indispensable to a successful nationwide pipeline safety program. That partnership is enhanced by the pipeline safety grant program. Only eight States are currently participating in RSPA's hazardous liquid grant program (as compared to 47 States, Puerto Rico, and the District of Columbia in the natural gas program). We want to increase that number. Through the grant funding mechanism, we are able to encourage States to expand their State programs with additional inspections and assume enforcement responsibility for municipal and master meter intrastate gas systems. The grant program is a cost effective means of enhancing pipeline safety and is fully consistent with President Reagan's federalism goals.

RSPA will distribute the $4.275 million appropriated in FY 1988 as follows: approximately $3.180 million will be distributed to provide optimum funding in each State with a relatively small program, while also providing incentive funding in each State with a more extensive program; the remaining amount will be distributed according to certain basic criteria designed to assure an adequate level of safety. The criteria used by RSPA are: extent to which jurisdiction is exercised; inspector qualifications; recommended number of inspectors and recommended number of inspection person-days; third-party damage prevention program; and attendance at Federal/State meetings.

The FY 1989 funding level requested for research and development will allow RSPA to carry out important projects including the continuation of the study to compare the safety requirements of hazardous liquid (including highly volatile liquids) pipelines and gas pipelines, and a new study to examine the feasibility of requiring periodic inspection for transmission pipelines with internal inspection devices, i.e., "smart pigs". Ongoing projects include LNG vapor dispersion prediction and mitigation methodologies; assessment of corrosion control technology for pipe in casings; susceptibility of electric resistance welds to degradation; stress corrosion cracks in pipelines transporting gas with hydrogen sulfide; and determination and reassessment of cathodic protection criteria for steel pipelines. RSPA also plans to study the feasibility, safety, cost and effectiveness of requiring operators to install emergency flow restricting devices in existing and future pipeline systems in varying circumstances and locations.

Aviation Information Management (AIM)

The AIM program provides the data, informational resources, and support services necessary for the DOT to make informed and timely decisions concerning operations of air carriers in the air transportation industry. It is the primary source of information on the economic and operational aspects of the air transportation industry. Current DOT users of the AIM program's basic data products and services include: 1) the Federal Aviation Administration (FAA) (e.g., for safety surveillance and analysis, airport development funds allocation, airport policy development, and airway facilities requirements forecasting), and 2) the Office of the Secretary (OST) (e.g., flight delay information for consumer concerns, international policy development including negotiation of routes, carrier selection, fares and rates, fitness determinations, and industry monitoring). Other Federal agencies using the data include the Departments of Justice, Commerce, Labor, and the U. S. Air Force. The airline capacity, traffic, and industry cost information is also of great value to non-Federal users such as aircraft manufacturers, air carriers, airports, researchers, the travel industry, and the traveling public.

In FY 1988 it was necessary to relocate the AIM program's data collection and data processing functions from TSC in Cambridge, Massachusetts, to the Office of Aviation Information Management (OAIM) in Washington, D. C. These functions were previously assigned to TSC to test contracting out and user pay concepts for the AIM program. We were successful in the collection of some user reimbursements and contracting out of some routine AIM operations. However, the Department also determined that OST and FAA programs must have ready access to AIM data collection and processing staff consultants. The necessary TSC staff is currently detailed back to OAIM. Our FY 1989 budget requests positions and funds for these relocated functions.

Our FY 1988 aviation information activities include implementation of a major computerized data collection system for monthly flight-by-flight delay data. About 450,000 air carrier submissions are assembled soon after each month's end to produce on-time performance data for selected air carrier flights. The data benefit consumers and support OST's monitoring of air carrier realistic scheduling practices. We also plan to complete a major rule that improves U. S. and foreign air carrier reporting of traffic statistics by service segment and market (T-100) by implementing a single standard collection system. The major new T-100 computer system will be under development by the end of FY 1988. In FY 1989 we will complete implementation of the T-100 system. It will contain data for both U. S. and foreign air carriers, domestic and international operations, scheduled and charter flights, and passenger and cargo service. This system will provide a more comprehensive and timely data base for DOT programs. We also plan to complete major rules to: 1) align our Form 41 accounting system with Generally Accepted Accounting Principles, thereby relieving air carriers of unnecessary accounting burdens, and 2) establish new guidelines for confidentiality and restrictions on release of air carrier market specific data, in view of the domestic industry's deregulated status. In addition, we will focus on the maintenance of on-time and accurate data banks, and the timely generation of aviation information products, to provide the minimum support needed by OST and FAA programs.

The FY 1989 budget request for AIM operations is $1,298,000. The budget request provides for the continuation of AIM program activities at a level comparable to FY 1988. Routine AIM data collection and processing activities will operate with user reimbursements in FY 1989 as in FY 1988. In support of our effort to offset the costs of AIM operations with user fees to the maximum extent possible, RSPA has proposed appropriation language that would enable the agency to credit to the RSPA appropriation all such fees collected.

Office of Emergency Transportation (OET)

OET executes the statutory and administrative responsibilities of the Secretary of Transportation in the area of civil transportation emergency policy. These responsibilities include not only coordination of Departmental emergency actions but also emergency actions of non-DOT elements of the Federal transportation community. These actions cover the entire spectrum of potential emergency situations ranging from natural and man-made disasters such as earthquakes and labor disturbances to post nuclear attack recovery activities. During the past year OET was deeply involved in the major government-wide revitalization of the national security emergency preparedness programs. Among the accomplishments are: (1) an extensive training and exercise program for the Departmental emergency executive teams and organizations staffed by both Federal employees and volunteer reservists from the private sector; (2) full support to Department of Defense (DOD) mobilization planning including development of response plans and data systems to assure appropriate transportation services are provided to meet defense requirements and essential civil needs; and (3) continue the U. S. representation requirement for NATO's Civil Aviation Planning Committee activities which provides for airlift support to implement the defense plans for rapid reinforcement of NATO, a major war deterrent and war fighting capability.

OET's major emphasis in FY 1989 will be directed toward four critical national security areas: engage in the government-wide emergency preparedness program revitalization; take a lead role for DOT's responsibilities in the Nation's strategic mobility planning to assure effective utilization of civil transportation services required to meet Department of Defense mobilization and deployment plans and essential civil needs; continue responsibility for the U. S. representation to NATO's Civil Aviation Planning Committee activities of planning, training, and exercises; and maintain a high level of Departmental response readiness for natural and man-made disasters.

RSPA is requesting FY 1989 operations funds in the amount of $1,000,000 to support these activities and research and development funds in the amount of $268,000.

Transportation Systems Center (TSC)

TSC, located in Cambridge, Massachusetts, is DOT's multimodal research and analysis center. Its mission is to address national transportation and logistics issues. With the contractual participation of industry and under the policy guidance of the RSPA Administrator and the Secretary of Transportation, it provides study, analysis and technical capabilities for the Department and other agencies requiring assistance with high priority transportation and logistics related components of their missions.

Current examples of TSC activities include development of the prototype Aircraft Situation Display, which presents national airborne traffic situations utilizing air traffic position data and permits FAA flow control personnel to cope with capacity and delay problems through the ability to examine the entire flow of U. S. commercial traffic — in real time — on a single computer screen. The prototype system has been and is being used to help minimize delays during periods of increased national air traffic. Future enhancements to the system will provide even greater support through the generation of automatic alerts when aircraft demand is predicted to exceed capacity of an airport or sector. With contractor support, significant achievements have been made in the development and implementation of explosives detection technology. Ongoing efforts in this high priority research area will greatly enhance airport and diplomatic security. TSC provides telecommunications management support which enhances the FAA's ability to monitor and control its escalating air traffic control telecommunications costs. Cost savings are significant (on the order of $10 million per year), since the FAA's $200+ million annual telecommunications bill makes it second only to the DOD as the largest government consumer of telecommunications services. TSC is supporting the FAA's program to bring the Loran-C radionavigation system safely and carefully into the national airspace system as a non-precision approach aid. This will enhance the aviation capacity of the nation by providing a near-term answer for as many as 16,000 landing facilities that presently have no approach system. For the military airlift command TSC is developing the Air Carrier Analysis System (ACAS). ACAS was initiated following the Arrow Air crash at Gander, Newfoundland, in December 1985. ACAS responds to the Wade Commission recommendation that DOD identify and monitor critical financial, operational, maintenance, and safety performance indicators when determining air carrier eligibility for transporting military passengers. TSC produced a highly successful ACAS prototype in 1987 and now is working to release a fully operational ACAS by this summer. Also, a future of transportation colloquium series being held at TSC during 1988 is enhancing the awareness and sensitivity of the public and private transportation communities to future transportation needs.

The FY 1989 budget would provide 520 positions for TSC, a reduction of 7 positions from the FY 1988 level. These positions have been transferred to RSPA Headquarters for the Aviation Information Management program. As in prior years, no budget authority is requested for the FY 1989 budget because TSC is funded through a Working Capital Fund and because there are no major capital acquisitions being requested. TSC's Working Capital Fund is financed through negotiated agreements with project sponsors. TSC's program level reached $87 million in FY 1987 and is estimated to be $95 million in FY 1988.

In keeping with the President's policy of identifying those programs within the Federal Government that might be performed by the private sector, we have proposed legislative authority to plan for the transfer of TSC to private sector control. It is important to note, however, that in light of the prohibition in the last four Appropriations Acts against planning a change in TSC's Federal status, the proposed legislation is broadly stated and is not based on plans or studies undertaken during the period of prohibition. In fact, the legislation would require the Secretary to undertake a study and develop options for the defederalization of TSC before acting. The proposed legislation, submitted to Congress on September 30, 1987, has not been introduced.

We believe that any change in TSC's status would have to be based on comprehensive planning that would consider at least the following:

o The ability of the Department and other agencies using TSC to meet ongoing and long-term needs for research, development, analysis, and data base development and management in a manner at least as efficient as that currently provided by TSC.

- The protection of the employment interests of current TSC employees.

TSC has a distinguished record in service to the Department and other Federal agencies.

Transportation Safety Institute (TSI)

TSI, located in Oklahoma City, Oklahoma, is a reimbursable training activity operated by RSPA in behalf of all Departmental elements. Currently, seven DOT administrations and five agencies in four other Federal Departments sponsor, fund and staff transportation safety and transportation security programs through TSI. Over 100,000 people have attended TSI classes and seminars over the past eight years. As such, it serves as a primary vehicle for communicating DOT views and initiatives, and fostering regulations compliance and enforcement for Federal, State, local government, and private sector personnel.

As in prior years, the FY 1989 budget request is for two positions (the Director and secretary) and the funding for these individuals. No other program dollars are requested. Agencies sponsoring training at TSI are required to provide funding and positions via annual reimbursable agreements. For example, the FHWA provided resources to develop and conduct five-week academy classes for their new safety inspectors in FY 1987; the National Transportation Safety Board initiated a school to train their accident investigators; the RSPA continues to provide State pipeline safety inspector training; and airport security inspector training is provided by the FAA (domestic) and Department of State (international).

This year we are again requesting authority to continue to credit to our appropriation tuitions from non-DOT sources for hazardous materials training and those received from the private sector for pipeline safety training. In FY 1987, $79,750 was collected from non-DOT sources for hazardous materials training. In

FY 1989, we project collecting about $150,000 for hazardous materials training and $28,000 for pipeline safety training. Authority to credit this money to our FY 1989 appropriation would greatly enhance our training capabilities.

Statistics, Data and Information

RSPA has the responsibility within DOT for the development, collection, analysis, and dissemination of technological, statistical, economic, safety, and other types of transportation data. We are requesting $160,000 in FY 1989.

Research and Technology

The Office of Research and Technology is organized to provide research information to State and local governments and the entire transportation community. The office activities include studies of multimodal transportation projects, planning, safety, finance, elderly and handicapped issues, rural transportation, radionavigation and radiocommunications systems, and other areas not directly addressed by research being conducted in other DOT administrations.

RSPA is requesting $100,000 to initiate studies through the Technology Sharing Program. These funds are currently being applied to research in areas such as transit financing, safety, highway maintenance, and rural transportation. These funds are now being requested in the RSPA budget as a result of the reorganization of the Office of Technology and Planning Assistance from the Office of the Secretary to RSPA as provided in the Conference report on the 1988 appropriations legislation.

The Office of Research and Technology is also responsible for coordinating U. S. radionavigation systems; preparing for the civil use of the DOD's Global Positioning System (GPS), and exploring alternatives to GPS for civil use. RSPA is requesting $500,000 in research and development funding for this activity for FY 1989. In FY 1988, funding resulted in the development of a DOT plan for the civil GPS service. In FY 1989, funding will emphasize total integration of the GPS within the civil community.

That completes my testimony in support of RSPA's FY 1989 appropriation request.

[APPENDIX I]

U.S. DEPARTMENT OF TRANSPORTATION
OFFICE OF HAZARDOUS MATERIALS TRANSPORTATION
HAZARDOUS MATERIALS INFORMATION SYSTEMS

HAZMAT SUMMARY

(AS REPORTED BY FE[illegible] 1, 1988)

Incidents by Mode and Incident Year

MODE	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Air	229	293	226	160	96	67	107	116	122	176
Highway	16450	16078	14181	8669	5671	4879	4509	4750	4611	4945
Railway	1214	1234	1272	1145	838	868	996	842	855	886
Water	49	41	34	8	9	12	9	7	7	12
Freight Forwarder	4	2	2	3	6	1	145	298	150	120
Other	16	14	29	63	1	1	6	6	12	3
TOTALS	17962	17662	15744	10048	6621	5828	5772	6019	5757	6142

Deaths by Mode and Incident Year

MODE	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Air	0	0	0	0	0	0	0	0	0	0
Highway	21	17	17	25	13	8	6	8	16	12
Railway	24	0	2	0	0	0	0	0	0	1
Water	0	0	0	0	0	0	1	0	0	0
Freight Forwarder	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
TOTALS	45	17	19	25	13	8	7	8	16	13

Injuries by Mode and Incident Year

MODE	1978	1979	1980	1981	1982	1983	1984	1985	1986	198[illegible]
Air	48	6	8	7	0	3	15	4	12	29
Highway	5[illegible]	691	494	394	88	118	145	195	229	252
Railway	456	228	121	222	36	48	76	53	59	23
Water	10	2	1	1	1	0	18	0	2	8
Freight Forwarder	1	0	1	0	0	0	3	1	12	28
Other	3	3	2	18	0	0	0	0	2	0
TOTALS	1071	930	627	642	125	189	257	253	316	340

Damages by Mode and Incident Year

MODE	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Air	6884	30462	12286	6660	26851	52575	771226	12524	570[illegible]	14983
Highway	11348323	8924388	7367972	14200784	11382169	9254885	11120358	12689212	13101623	15629655
Railway	4619208	5[illegible]53	2952508	3652682	4138265	2559130	3353339	10273671	3077925	5630418
Water	15462	111931	505408	53045	30000	76088	50[illegible]49	6484	53500	85230
Freight Forwarder	160	0	100	6500	35	300	14011	13918	102117	51126
Other	69287	[illegible]00	34560	70010	200	16500	975	515	3385	200
TOTALS	16059324	14641134	10872834	17989681	15577520	11959478	15769758	22996324	16395567	21411612

[APPENDIX II]

SUMMARY OF NATURAL GAS
DISTRIBUTION PIPELINE
INCIDENT REPORTS (RSPA F 7100.1)
RECEIVED IN 1987

INCIDENT SUMMARY BY CAUSE

CAUSE	# OF INCIDENTS	% OF TOTAL	PROPERTY DAMAGES	% OF TOTAL	DEATHS	INJURIES
Internal Corrosion	0	0.00	$0	0.00	0	0
External Corrosion	9	5.66	$226,000	2.02	0	9
Damage from Outside Forces	76	47.80	$5,626,905	50.25	5	46
Construction/Material Defect	12	7.55	$1,463,000	13.06	0	7
Accidently Caused by Operator	13	8.18	$297,750	2.66	2	5
Other	49	30.82	$3,584,470	32.01	1	14
TOTAL	159	100.00	$11,198,125	100.00	8	81

SUMMARY OF NATURAL GAS
TRANSMISSION & GATHERING PIPELINE
INCIDENT REPORTS (RSPA F 7100.2)
RECEIVED IN 1987

INCIDENT SUMMARY BY CAUSE

CAUSE	# OF INCIDENTS	% OF TOTAL	PROPERTY DAMAGES	% OF TOTAL	DEATHS	INJURIES
Internal Corrosion	10	14.71	$777,441	10.83	0	0
External Corrosion	10	14.71	$252,865	3.52	0	0
Damage from Outside Force	26	38.24	$4,152,159	57.83	0	2
Construct/Material Defect	5	7.35	$176,000	2.45	0	0
Other	17	25.00	$1,821,000	25.36	0	11
TOTAL	68	100.00	$7,179,465	100.00	0	13

SUMMARY OF LIQUID PIPELINE
INCIDENT REPORTS (DOT Form 7000-1)
RECEIVED IN 1987
INCIDENT SUMMARY BY CAUSE

CAUSE	# OF INCIDENTS	% OF TOTAL	BARRELS LOST	PROPERTY DAMAGES	% OF TOTAL	DEATHS	INJURIES
Internal Corrosion	11	4.80	5,079	$4,088,550	20.42	0	0
External Corrosion	54	23.58	40,645	$1,415,751	7.07	0	0
Defective Weld	6	2.62	3,119	$348,100	1.74	0	3
Incorrect Operation	9	3.93	2,522	$581,870	2.91	0	2
Defective Pipe	14	6.11	17,645	$942,829	4.71	0	0
Outside Damage	62	27.07	110,268	$10,135,213	50.63	0	2
Malf. of Equipment	10	4.37	3,213	$202,126	1.01	0	1
Other	49	21.40	180,264	$2,142,605	10.70	0	9
TOTAL	229	100.00	364,298	$20,019,754	100.00	0	17

[APPENDIX III]

SUMMARY OF GAS PIPELINE ACCIDENTS AND CASUALTIES REPORTED FROM 1978-1987 AS REQUIRED BY 49 CFR PART 191

Distribution

Report Year	Failures	Fatalities	Injuries
1978	1,555	20	320
1979	1,520	33	313
1980	1,467	9	269
1981	1,128	10	73
1982	1,191	20	225
1983	1,127	10	220
1984	747	26	189
1985	204	20	94
1986	136	19	86
1987	159	8	81*

* 18 injuries occurred as the result of one accident.

Transmission and Gathering

Report Year	Failures	Fatalities	Injuries
1978	533	11	86
1979	450	12	93
1980	529	2	41
1981	495	6	6
1982	520	11	41
1983	453	2	25
1984	255	9	40
1985	127	6	12
1986	83	4	20
1987	68	0	13

Note: Amendment 191-5, 49 FR 18961, May 3, 1984, Changed the definition of "incident" as follows: eliminated the requirement to report when taking any segment of a transmission pipeline out of service, eliminated the requirement to report if gas ignited, and increased the level of estimated property damage from $5,000 to $50,000.

SUMMARY OF LIQUID PIPELINE ACCIDENTS AND CASUALTIES
REPORTED FROM 1978-1987

Report Year	Failures	Fatalities	Injuries
1978	256	3	10
1979	251	4	13
1980	219	3	12
1981	239	5	32
1982	200	1	6
1983	161	6	9
1984	203	0	19
1985	183	5	18
1986	203	3	32*
1987	229	0	17

* Twenty-six of the 32 injuries were the result of one accident. They were sent to the hospital because they inhaled fumes. At the hospital they were examined and released.

HAZARDOUS MATERIALS INSPECTION AND ENFORCEMENT

Senator LAUTENBERG. Thank you. Last year you stated that Newark, NJ, and New York City ports handle 10,000 freight containers a day. Monitoring even a small percentage of these shipments for compliance with hazardous materials regulations obviously is difficult. The Coast Guard has been conducting a random opening inspection program to determine compliance.

Do you know what the results are of that test?

Ms. DOUGLASS. I don't know. Elaine, do you have any information on that? We will have to supply that for the record.

Senator LAUTENBERG. It would be something that I would assume you would be very interested in.

Ms. DOUGLASS. Yes.

INTERMODAL SHIPMENTS

Senator LAUTENBERG. Please get that information to us. RSPA has sole responsibility for enforcement with respect to intermodal hazardous materials shipments.

Does RSPA know how many intermodal shipments of hazardous materials there are?

Ms. DOUGLASS. How many intermodal hazardous material shipments? No; I don't think that we have that number, but there are 250,000 to 500,000 shipments of hazardous materials a day and many of those, I am sure, are intermodal, so there are a number of intermodal shipments every single day.

Senator LAUTENBERG. Well, we want to try to get an idea about where these cargoes were shifted and how often.

Do you have any idea what the percentage of intermodal shipments, nonbulk imports and exports, are being inspected by RSPA, what percentage?

Ms. DOUGLASS. No, I don't, but it would be very minimal. It would be obviously a very small amount. We have 12 inspectors.

We have a list which I provided to Jerry of some of the types of inspections RSPA does and we have the numbers, for example, of container manufacturers that we inspect and the number of shippers. I don't think there is a number for intermodal shipments. The point is that there are a lot of these shipments and that we cannot possibly cover them with 12 inspectors.

Senator LAUTENBERG. Exactly. The point further is that we ought to be very clear about whether, (*a*) the job you are doing is important and, (*b*) if it is important, whether or not we are doing it adequately. If not, you have an obligation to come here and tell us, "Listen, we cannot do what the public or the Congress thinks we are doing with the kind of research we have."

You heard my message to Mr. Burnett. I would expect that you would wave a red flag and say, "Hey, there is a lot going on that we don't know about." We have seen some real improvements in safety. Some of that, I think, is because there has been a good job done out there by the various agencies responsible for it and some of it also is an odd circumstance of coincidence.

I mean, if you have an accident in a highly populated area, you are going to get lots more fatalities, lots more injuries. We have to keep our fingers crossed and just keep working on the system.

CIVIL PENALTIES

We don't know what the adverse consequences of a lack of inspection coverages would be. You collected $2,000 out of $226,000 in civil penalties assessed in 1986 against hazardous liquid pipeline operators.

Why is the collection number so small?

Ms. DOUGLASS. I don't recognize that figure. In 1987 we have collected $384,000 against one company alone, so I don't understand that figure.

Senator LAUTENBERG. 1986 is the year we have.

Ms. DOUGLASS. 1986, are you familiar with that, Dick?

Senator LAUTENBERG. Will you get back to us with that, please? If we are wrong we would like to know. It is in the hearing record of last year, I am told.

Ms. DOUGLASS. We will supply the information to you for the record. I have the 1987 figures. I don't have the 1986 with me.

HAZARDOUS MATERIALS INSPECTION FORCE

Senator LAUTENBERG. The hazardous materials inspection force, what is the scope of their responsibility in terms of the number and the types of shipments that come under their jurisdiction?

Ms. DOUGLASS. Hazardous materials inspectors in the Department of Transportation are in each mode responsible for enforcing our regulations. For example, the Federal Highway Administration has responsibility for trucks. In RSPA we go to terminals, we go to ports and look at shipments on the docks, and we go to container manufacturers.

Senator LAUTENBERG. How many people do you have doing that?

Ms. DOUGLASS. We have 12 and we have responsibility for thousands and thousands of container manufacturers, shippers, and terminals.

I agree with your point that 12 people might not be an adequate number and in the last year and a half, I started looking into this and I have become very concerned about it. We have undertaken a number of efforts to try to improve our efficiency and productivity and better focus our inspections.

We have also started looking hard at the numbers. Obviously we are asking for an increase of three, which is not a large increase and we are looking at the concept of possibly detailing staff to the field. If we do that, we feel that we could possibly increase our productivity and efficiency and have a presence in the field and be known to the industry.

Obviously the accident statistics are generally pretty good on hazardous materials. I have looked at our compliance rates. I gave Jerry some compliance rates which are, in my opinion, unsatisfactory. The noncompliance is too high.

Senator LAUTENBERG. The potential for a catastrophe is fairly large.

Ms. DOUGLASS. Yes; I also asked the staff to break down those compliance rates and to tell me what percentages of those could have presented a major safety problem rather than a less serious safety concern. Obviously the numbers are much better in terms of compliance with the more serious safety rules and regulations, but, nonetheless, our rules have a purpose and it is all safety related, so noncompliance with any of the rules is not satisfactory, especially when the levels are as high as they are. We have to look at how we can improve our enforcement program and whether or not we need to increase the numbers of inspectors or whether we should detail them to the field.

HAZARDOUS MATERIALS INSPECTORS

Senator LAUTENBERG. What did you ask of OMB in terms of resource for the hazardous materials?

Ms. DOUGLASS. I honestly can't remember exactly on the number of inspectors. It was a few more than three.

Senator LAUTENBERG. It would be good if you had that information when you came here because you know what we are going to discuss. According to last year's testimony, FAA has only 11 persons assigned to full-time hazardous air cargo inspections. Other FAA inspectors spend only 3 percent of their time on such inspections.

Is the data available to RSPA to indicate that violations of regulations governing air shipments of hazardous materials are a problem of some substance?

Ms. DOUGLASS. I don't know on that. Do you, Elaine?

Ms. ECONOMIDES. Of course all violations are cause for concern, but we have hesitated to draw a complete parallel between the size or number of a fine or a case and the relative severity of the particular case of noncompliance. There are false inferences that could be drawn from a comparison of these and so we hesitate to draw such comparisons.

Ms. DOUGLASS. About a year and a half ago RSPA implemented the coordination of these enforcement activities among the different modes, even though we have the actual responsibility for going out and conducting enforcement only in nonmodal specific areas.

We have monthly enforcement meetings with the modes and we have been collecting these facts and figures with the intent of not only better coordinating but also having an impact on the number of inspections done for hazardous materials transportation and also the amount of enforcement, including the civil penalty levels. I really expect to see an improvement across the board in that in the future.

PIPELINE QUALITY ASSURANCE PROGRAM

Senator LAUTENBERG. In a recent report to the committee you conclude that a mandatory quality assurance program for pipeline operators cannot be justified. You say the safety benefits won't outweigh the costs to the operators to implement such programs.

Given the limitation of your inspection resources compared to the amount of volume of interstate pipelines under your jurisdiction, why are the additional costs the primary concern? Is the job being adequately done?

Ms. DOUGLASS. In the pipeline program we have inspectors to inspect each pipeline unit once every 2½ years. A company like the Williams Co., a large company, is broken down into nine inspection units so we will be inspecting at least three units of Williams every year. We feel that we do have an adequate number of inspectors in our pipeline safety program.

With respect to the mandatory quality assurance concept, I think it is not a bad idea. There are two parts to any quality assurance program.

The first part of quality assurance is that a company has to have good written procedures to comply with our regulations. I am concentrating on that part right now and I believe I said in the report that we have rulemakings underway to improve and make sure that companies have good written procedures to comply with our regulations. That is something that we can improve.

The second part of a mandatory quality assurance program would require a company to either go out and hire an outside auditor or to create its own division outside of the operations division to follow up and make sure that the company is following the regulations.

What I said in the report is that we didn't have the cost benefit information to move forward on that second step right now, and we are going to gather that information as our inspectors go out and inspect these pipeline units. Also we have a number of priority rulemakings going on right now in the program.

We have a lot of research that is going on, and to take time away from those projects and implement the second step I think would be a mistake at this point in time, but I can see in the long run that it is a possibility that we will move in that direction. I am certainly not against it.

PERFORMANCE-ORIENTED SAFETY RULES

Senator LAUTENBERG. In your report to this committee, you said pipeline operators under federal jurisdiction frequently have problems with performance-oriented safety rules. You stated that they don't understand the intent of the rules and that this is a major reason for the most frequent and most dangerous violations of the Federal Safety Standard.

Is the problem misunderstanding the intent of the rules greater among gas pipeline operators than among hazardous liquid pipeline operators, just as a point of information for me?

Ms. DOUGLASS. We found that gas operators have operation and maintenance manuals that are not as clear as those of the liquid operators. But that may be because our regulations for gas are more performance-oriented than they are for liquid. We have a regulation in the works to make our gas regulations more specific, design-oriented, than performance-oriented. There has to be a balance between performance-oriented and design regulations.

Senator LAUTENBERG. The one thing that I want to make certain of, whether it is hazardous material or gas, is that, with your responsibilities, that you are certain that you are getting enough of a review to keep the operators on their toes and to protect the communities through which these pipelines pass. When we talk about a once-every-2½-year review of these units, I think you called them, is that enough to keep these people on their toes?

If not, then we have to find another way to do it. And the one thing that gives me some concern, and I understand what you are talking about, and I don't want to dismiss it casually, the priorities that you have, the resources that you have, but when we talk about the cost to the operators to implement some programs, that may present exceptional problems for us. So I think you have to judge that in the context of what is the risk, what is the danger?

I have other questions that I would like to submit to you and ask that you get back to me real soon. My colleague, Senator Harkin, has some questions that he would like to raise, and I am going to turn over the meeting to him. The rest of my questions will be submitted for the record. Try to have the information that you know is going to be touched on when you come here readily available.

Ms. DOUGLASS. Thank you. I do try to do that.

Senator LAUTENBERG. What we are looking for is to see if we can be of help to you to get that job done. There are certain areas of attention that we are going to be focusing on to make sure that we are doing our job to protect the public and to see that, as much as possible, you have the tools necessary to do the job.

Ms. DOUGLASS. And look at all of the information that I brought with me to try to be.

Senator LAUTENBERG. That's nothing. Look at the job you have. Senator Harkin, you can adjourn the meeting.

[Pause.]

Ms. DOUGLASS. I think I might have an idea of what you are interested in.

REGULATION OF ANHYDROUS AMMONIA

Senator HARKIN. I bet you do, too. I assume you were forewarned.

Ms. DOUGLASS. If I can find it.

Senator HARKIN. I will give you a chance to dig it out there.

Ms. DOUGLASS. We have received hundreds of letters on this subject.

Senator HARKIN. Let's get into it a little bit then. Ms. Douglass, I have some questions concerning, as you can assume, anhydrous ammonia. Your administration has issued proposed rules in the transportation of anhydrous ammonia which has caused considerable concern among my farmers.

If some of the points presented to me are true, farmers could face a significant increase in their costs of utilizing anhydrous ammonia and there may be little merit for the proposed rule on the basis of the merits. I would like to get into that also.

I do strongly believe that we do need to carefully regulate dangerous materials on our highways, the railroads, and in the air. I am not saying we don't have to do that, but I am wondering if DOT has taken a reasonable position in the case of anhydrous ammonia.

There is some thought that these proposed rules are meant to conform with an international standard that has been developed. Is that so?

Ms. DOUGLASS. Yes.

Senator HARKIN. Why is DOT so determined to adopt these standards?

Ms. DOUGLASS. First of all, there has been some confusion about this rulemaking but let me explain.

This rulemaking is a part of a huge rulemaking entitled performance-oriented standards or H.M. 181. We published it last year. It affects a lot of our rules and regulations. It is about this high in terms of paper and it cost about $100,000 to publish it.

The anhydrous ammonia classification issue is a part of that rulemaking. It is one part; a few pages of the rulemaking. It has proved to be one of the more controversial parts of the rulemaking.

We have extended the docket until May. We had closed it on February 26 but we have extended it until May because it seems as though people are finding out more about it and they are expressing more interest and concern about that section, so we have opened the entire docket until May. Even after that we will continue to collect comments from anyone who is interested and has comments on any of those aspects that you raised, the costs or the hazard of the substance, the insurance problems, or whatever.

Whatever information people have, we would like that information submitted for the record, and then the next step is an evaluation of the comments.

I know that it will take us 6 to 8 months and I would bet you it will take us longer than that to evaluate all of the comments that have come in on that rulemaking.

Chairman Burnett was saying this morning he would encourage us to go to final rule on that rulemaking this year. That is optimistic, but I do want to do the right thing for safety and we will move forward as expeditiously as possible.

On the other hand, we will certainly consider all of the comments, and in any rule that comes out we will certainly take into consideration the costs and benefits. We don't want to put anybody out of business. That is not our intent.

RULEMAKING PROCEDURE

Senator HARKIN. Well, we have all been through this rulemaking before. There are rules proposed and then there is a comment period and then there is the final rulemaking that comes out.

Ms. DOUGLASS. There is another step possibly. We evaluate the comments and in many very complicated rulemakings, we end up issuing another Notice of Proposed Rulemaking. I don't know what is going to happen with this one, but that is a possibility.

We have had public working meetings concerning the Cargo Tank Safety Rule, which is another massive, very important rulemaking. That has gone on for several years and we have held numerous public meetings to discuss comments and to get further clarification. I have got to say I would anticipate that kind of a situation with respect to H.M. 181. It is a major rulemaking.

Senator HARKIN. If anhydrous ammonia is still listed as a poisonous gas, then I think we still will have some problems.

Do you make any exceptions in here, exemptions for certain classifications of this poisonous gas?

Ms. DOUGLASS. I can't remember if in this particular rulemaking we have done that. Those types of things can be done if we have the basis to do it.

Senator HARKIN. I just want to point out that anhydrous ammonia is not really a poisonous gas as such. My data says there have been no reported deaths at 10,000 parts per million. The small concentrations are not harmful at all.

It is just simply not the kind of a hazardous material that I think you are trying to get at in terms of transportation and safety measures across highways.

Ms. DOUGLASS. We will be looking at all of that, including the appropriate quantities in the tanks.

PUBLIC COMMENTS

Senator HARKIN. What you are saying is that those who are interested in ensuring that the transportation of anhydrous does not work an undue hardship on farmers should get their comments in to you prior to May 2?

Ms. DOUGLASS. Yes; if they can't, obviously we will be evaluating this for some time and we would encourage them to get them in as soon as possible, but the docket is open.

Senator HARKIN. I understand that and I appreciate that. I would also publicly tell the farm groups and those that are interested in this to get their comments in to you with any supporting data and documents that they have as to why this should not be included as a poisonous gas and listed along with the other proposed rules.

I am still, I guess, somewhat curious as to why it was even included in the first place. I know how these things go. You start and something is included and it keeps going back and forth. What has happened or what is it out there that caused you to include it in the first place?

Ms. DOUGLASS. Elaine, do you want to comment on that?

Ms. ECONOMIDES. I may regret that. Anhydrous ammonia is currently regulated internationally as division 2.3 of class II, class II being gases and 2.3 being the division of those that are poisonous, and by poisonous I should refer to the established level of toxicity in the international rules.

One purpose of H.M. 181 was to adopt the international system or, rather, to propose it for adoption as domestic regulation in order to facilitate international trade and not have a unique domestic regulation extending as a barrier to the free flow of American products.

So the starting position for this very large rulemaking was the established international rules. Under the rules of the International Civil Aviation Organization—which affect civil aviation—and the International Maritime Dangerous Goods Code—which, of course, governs transport by vessel—anhydrous ammonia is listed as a good of division 2.3.

So that was the starting point for our rulemaking. Anhydrous ammonia is one of thousands of materials on the list that were proposed and offered to the public for comment and we have certainly had our solicitation answered. We have received a great deal of comment.

Much of it has been on the matter of data indicating what the specific LC 50 or level of toxicity of this material is, its inhalation level. This is a question of fact which will go to the proper classification of this material. We welcome submission of such data on this material and all others.

We are not determined to classify any particular material. We are proposing this and we are soliciting public comment. We anticipate that this is one area where there will be public working groups after the close of the comment period. Thank you.

Ms. DOUGLASS. I think that the interest in the regulation is in making sure that we provide good communication with respect to hazardous materials transportation. Emergency responders and others, when they are responding to an incident, have to know what kind of hazard they are dealing with.

What the issue really comes down to is whether this particular classification is necessary, and is it the right thing to do. We are going to have to evaluate it, obviously, very carefully.

Senator HARKIN. I want to point out that to the extent that the proposal was drafted to facilitate international trade, the data will show that in terms of Europe, our anhydrous trade is basically nonexistent. Our biggest trading partner is Canada and they have not adopted the international standard. It was rejected by Canada, as a matter of fact.

Again, I think because of the need to facilitate the transportation of this to farms, the way it is handled, the fact that it is not a toxic gas unless it is in really heavy concentrations, it is just not that dangerous.

And so I think all of this will come out in the comments that you are going to receive and I am sure you will take a look at those and evaluate them fairly.

It sounds as if you are aware of the immense amount of concern out there in the countryside over this, and I just state again if this proposed rule were carried through, it would reap a great and unnecessary hardship.

Obviously, if it were definitely poisonous gas and very hazardous, then I could see that. There are already safeguards in terms of the transportation of anhydrous, the application of anhydrous that farmers are well aware of. This has not been a real big problem.

I don't know of anyone that is planning for any changes either on the farm side or any other sides, for that matter. Maybe people are claiming they should use a little bit less of it, but nobody is clammering for any changes on how it is transported or how it is used.

So I hope that you will follow through. I trust that you will. From what I understand of the proposed rules and from what I understand of the fertilizer industry and how anhydrous is used on farms, this rule would be unworkable. I think that the comments will show that.

COST OF REGULATION

For the record, have you developed any information on the cost of the proposed anhydrous ammonia regulations on the farmer, including the likely increases in insurance rates on the farmer and the fertilizer manufacturers who use ammonia, in addition to the higher transportation costs?

Ms. DOUGLASS. That is the purpose of our Notice of Proposed Rulemaking, to develop that kind of information and, yes, we are developing that kind of information.

Senator HARKIN. In other words, you want that kind of information to come in to you?

Ms. DOUGLASS. Yes; we want that information.

Senator HARKIN. Some people have told me that this rule would limit the movement of anhydrous ammonia on our highways. Is this true, and what is the extent to which it would not be allowed on our highways if this proposed rule were to be carried through?

I was told that it may affect some specific bridges and tunnels.

Can you enlighten me any further on that?

Ms. DOUGLASS. Let me ask Elaine. She is the expert on this.

Ms. ECONOMIDES. The inference is drawn from a comparison of the proposed rulemaking and the current regulations. At the present time the current regulations would prohibit the highway transport of bulk quantities of poison A, the highest level of poison materials, and there has been a comparison drawn between, under the current regulations, poison A and division 2.3 materials, poisonous gas, which is the proposed classification for anhydrous ammonia.

This inference is incorrect. We are not proposing that there be a ban of the highway transport of this material. Now, whether state or local transportation authorities, such as bridge and tunnel authorities, might interpret their regulations as prohibiting the passage of bulk quantities of materials that would be classified as division 2.3, we are not in a position to make such an interpretation.

We would hope that in the rulemaking, explaining the basis for our classification, there would be a basis for making distinctions. I think that answers the question. Thank you.

Senator HARKIN. Anything else? That is really what I wanted to bring out and, again, the idea that this is a proposed rule, I wanted to find out what the basis of it was. I also wanted to make sure that the record was open for comments and that certainly you will take all of this into consideration.

Obviously there also is a fallback position; that is, if you come out with a final rule that the Congress does not quite like, obviously we have the legislative powers that we can use. I hope we don't have to go that far.

I hope the rule of reason will apply here as you take a look at this and understand that anhydrous ammonia is considerably different than these other things we talked about.

Ms. DOUGLASS. Senator, we will keep you informed as we move through this process because I know you are interested and as we have public hearings and public meetings on this you may be interested in letting your constituents know.

SUBMITTED QUESTIONS

Senator HARKIN. I appreciate that. I would like to be advised of it. We have questions from Senators Lautenberg, D'Amato, and Cochran to be answered for the record. Please submit your answers to the subcommittee as soon as possible.

[The following questions were not asked at the hearing but were submitted for response for the record:]

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

HAZARDOUS MATERIALS INSPECTION AND ENFORCEMENT

SENATOR LAUTENBERG: Last year you stated that the Newark, N.J and New York City Ports handle 10,000 freight containers a day. Monitoring even a small percentage of these shipments for compliance with hazardous materials regulations obviously is difficult. The Coast Guard has been conducting a random opening inspection program to determine compliance.

What are the results of the Coast Guard's inspection program?

ANSWER: The Coast Guard's initial program in this area lasted six months, from June 1985 through November 1985. A report on the six-month program was issued on May 30, 1986. The rate of noncompliance found during that program was 24%. Most of the violations involved improper securing of material in the containers, missing or improper placarding, and improper hazardous materials documentation. Only a few containers were found to be in such a condition that they posed an immediate risk to life.

Because of the belief in the importance of this program, and the rate of noncompliance that was found, the Coast Guard instituted the random opening and inspection of freight containers as a permanent, nationwide program, in October 1986. Detailed statistics are not available regarding inspection results since that time, but the program is ongoing and enforcement actions are being taken. In particular, a major campaign has been underway with respect to containers of imported explosives. Also, based on information from an informant, export shipments of spent batteries in freight containers on the West Coast have been targeted, with seizures and enforcement actions the result.

HAZARDOUS MATERIALS INSPECTIONS

SENATOR LAUTENBERG: RSPA has sole responsibility for enforcement with respect to intermodal hazardous materials shipments.

Does RSPA know how many intermodal shipments of hazardous materials there are?

ANSWER: The term "intermodal shipments" can be described in two ways. Any domestic company which offers hazardous materials for transportation by more than one mode of transportation is an "intermodal" shipper offering "intermodal shipments." The second description involves shipments that are carried by more than one mode of transportation, often involving loading one type of vehicle or vessel to another type of vehicle or vessel. Containerized shipments are generally considered to be "intermodal shipments." Consequently, each of DOT's modal administrations is active in enforcement with respect to "intermodal shipments". Because RSPA does not have a modal focus, its jurisdiction may be viewed as overlapping the jurisdictions of its sister agencies.

RSPA estimates that there are 220 million shipments of hazardous materials annually, involving four billion tons. The Coast Guard estimated that, in 1986, 1.3 million freight containers containing eight million tons of packaged hazardous materials were involved in import/export transportation. Inspections in this area are conducted by both the Coast Guard and RSPA.

SENATOR LAUTENBERG: What percentage of intermodal shipments and non-bulk imports and exports are being inspected by RSPA?

ANSWER: With respect to shipments within the U.S., RSPA conducted 171 inspections in Fiscal Year 1987 of shippers of both general hazardous materials and radioactive materials. In addition, many more notifications were made to shippers from the 212 shipment observation inspections performed in Fiscal Year 1987.

With respect to import and export shipments, RSPA is only inspecting a fraction of a percent of these shipments.

SENATOR LAUTENBERG: What are some of the adverse consequences of a lack of inspection coverage?

ANSWER: The obvious consequence is the potential for unsafe shipments moving in the transportation system. Another consequence is a perception by those placing shipments in commerce that there is little risk in not complying with the regulations. While it would be impossible to inspect a large percentage of these shipments, even with expanded resources, there needs to be an increase in activity to some level or percentage such that enough enforcement actions, with meaningful penalties, are processed and publicized to provide a deterrent. This is especially pertinent for foreign companies exporting to the U.S. RSPA has initiated three civil penalty enforcement actions against foreign exporters. DOT and RSPA have already implemented a number of enforcement actions to increase our activity. These actions include: increased MCSAP activity; COHMED; intermodal cooperation; increased civil penalties; quicker processing of enforcement actions, etc. In addition, RSPA is currently evaluating whether we can further increase productivity and efficiency. We will keep the Committee informed.

SENATOR LAUTENBERG: Why did you collect only $2,000 out of $226,000 in civil penalties assessed in 1986 against hazardous liquid pipeline facilities?

ANSWER: RSPA proposed assessment of $226,000 in civil penalties at the end of calendar year 1986. Amounts collected in a given year may differ from amounts preliminarily assessed for various reasons, including length of the enforcement action and exhaustion of appeals, time lag in payments, or compromise. As indicated on the attached table, RSPA collected $387,000 in penalties in 1987, a substantial portion of which reflects penalties assessed in 1986.

PIPELINE SAFETY COMPLIANCE AND ENFORCEMENT DATA FOR 1986 AND 1987

	1986	1987
Inspection activity:		
1. Interstate gas pipeline operators	84	89
2. Intrastate gas pipeline operators	88	63
3. Hazardous liquid pipeline systems	138	154
4. LNG facilities	8	11
5. State evaluation (48 state agencies evaluated)	48	48
Enforcement activity:		
1. Enforcement cases initiated:		
Gas	13	22
Liquid	7	9
2. Warning letters issued:		
Gas	67	41
Liquid	32	19

3. Enforcement cases closed without penalty:		
Gas	15	25
Liquid	8	3
4. Civil penalty collection:*		
Gas:		
Penalties assessed	4	13
Amount	$167,000	$53,500
Penalties collected	4	3
Amount	$111,300	$ 4,000
Liquid:		
Penalties assessed	3	7
Amount	$226,000	$588,000
Penalties collected	2**	6
Amount	$ 10,400**	$387,000

* Amounts collected may differ from amounts assessed for various reasons, including court challenges of the assessments, time lag in payment, or compromise.

** One Civil Penalty collection of $8,400 was inadvertently omitted in 1986.

HAZARDOUS MATERIALS INSPECTIONS

SENATOR LAUTENBERG: How many hazardous materials inspectors does RSPA have?

ANSWER: RSPA is authorized 12 hazardous materials inspectors, through Fiscal 1988.

SENATOR LAUTENBERG: What is the actual scope of their responsibilities in terms of the number and type of shipments and entities that come under their jurisdiction?

ANSWER: RSPA conducts the following types of inspections (the estimated number of entities subject to inspection is shown in parentheses):

- Container manufacturers, repairers, rebuilders, retesters, and reconditioners (7,000 facilities)
- Shippers of hazardous materials, both general and radioactive materials (50,000 facilities)
- Exemption holders, involving both manufacturers and shippers (2,500)
- Import and export shipments of hazardous materials at U.S. water ports, including explosive shipments (imports valued at $10 Billion)
- Non-vessel-operating common carriers (NVOCC) (1,000)
- Radioactive materials at air freight terminals (200)
- Joint radioactive materials inspections with state agencies
- Joint inspections with other DOT administrations and other Federal agencies

RSPA also monitors:

- the radioactive routing data base to monitor compliance with the routing requirements for highway route-controlled shipments of radioactive material (e.g., spent nuclear fuel)

- the incident reporting data base for compliance with the telephonic and written reporting requirements
- the hydrostatic retesting data base for compliance with the requirement that retesters be approved initially and currently.

RSPA also supports the exemptions program by enforcing the requirement that only currently valid exemptions may be used.

SENATOR LAUTENBERG: Is RSPA satisfied with the amount of inspection coverage being provided by FAA?

ANSWER: RSPA appreciates the efforts of FAA in operating its inspection and enforcement program, in light of recent diversions of its staff to other critical programs brought on by the TWA hijacking in May 1985, when Congress mandated the FAA to direct its efforts to counter terrorist acts against civil aviation and to initiate comprehensive measures which included conducting aviation security inspections at all foreign airports used by U.S. air carriers and increase the overall aviation security at all U.S. airports. Since 1985, FAA has increased its hazardous materials inspection staff from ten full-time and 102 part-time inspectors to 11 full-time and 192 part-time inspectors in 1987. Enforcement activities increased 42.3% from 1983, when 340 hazardous materials violations were cited, to 1987, when 484 violations were cited. Civil penalty collections rose 154%, from $140,250 in 1983 to $357,600 in 1987. Hazardous materials inspections increased by nearly 24%, from 4,111 in 1983 to 5,378 in 1987. We expect this trend to continue, as FAA was authorized 54 additional staff positions for aviation security in FY 1988 and is requesting an additional 29 positions in FY 1989.

PIPELINE SAFETY

SENATOR LAUTENBERG: Is the approach taken regarding the benefit/cost analysis for this subject consistent with other safety-related rulemakings of the Department? If not, why not?

ANSWER: RSPA does not have an adequate basis for concluding that operator quality assurance programs would result in safety benefits outweighing the costs of imposing such requirements. RSPA is gathering information relevant to cost benefits through its pipeline inspection program. This is consistent with the Department's approach in gathering cost/benefit information for analysis in other safety related rulemakings.

NATURAL GAS AND HAZARDOUS LIQUID PIPELINE SAFETY GRANTS

SENATOR LAUTENBERG: You are requesting $4,750,000 for the pipeline safety grants-in-aid program. This represents an increase of $475,000 over the Fiscal Year 1988 request.

Why is it in a state's interest to accept more responsibilities for inspection and enforcement in order that the federal inspection burden can be reduced?

ANSWER: Basically states have an interest in protecting the safety of their citizens. State certification under Section 5(a) of the Natural Gas Pipeline Safety Act and/or Section 205(a) of the Hazardous Liquid Pipeline Safety Act is intended to give the states regulatory jurisdiction over safety standards and practices of intrastate pipeline facilities and the transportation of natural gas and hazardous liquids associated with those facilities. We believe states are in the best position to assure the public safety with respect to these intrastate facilities.

It is clear that most states prefer state involvement in safety matters within the states. This philosophy is clear in State Constitutions and the U. S. Constitution. It is also evidenced by the states' budgets which allocate resources to pipeline safety. Of course, most states would like more federal dollars for pipeline safety and the federal pipeline safety grant program certainly serves as an incentive to states to continue the federal/state partnership. Further, RSPA has used the grant program to encourage greater state involvement in pipeline safety.

PERFORMANCE-ORIENTED SAFETY RULES

SENATOR LAUTENBERG: You have stated that pipeline operators under Federal jurisdiction frequently have problems with performance-oriented safety rules.

You stated they don't understand the intent of rules and this is a major reason for the most frequent and most dangerous violations of Federal safety standards.

Didn't the industry participate in the development of the regulations?

ANSWER: Yes, the industry participated in the development of regulations through their comments on rulemaking and to the extent that voluntary industry standards formed the basis for the original gas and hazardous liquid regulations.

SENATOR LAUTENBERG: If so, then why don't they understand the intent?

ANSWER: Because a substantial portion of the regulations are performance-oriented, the methodology used by an operator may not always meet the intended safety requirement. A recent example illustrates the problem. Operators are required to establish and maintain liaison with public officials for purposes of emergency response. An operator met this requirement at its major facilities (i.e., pump stations and terminals) but not along its main pipeline system believing that the rule did not apply to other locations along its pipeline.

SENATOR LAUTENBERG: You are nearing the end of a massive regulatory effort for hazardous materials which also is predicated on performance-oriented rules. Given the extensive coverage of those regulations, why won't RSPA be headed for the same kind of problems found with pipeline operators but on a much larger scale?

ANSWER: While both the hazardous materials and pipeline safety programs are concerned with protecting the public from the risks inherent in the transportation of hazardous materials, there are many significant differences between the two programs.

A pipeline is a complex combination of packaging and transport vehicle. Pipeline operators may encounter difficulty in understanding the intent of performance-oriented standards because they aren't sure whether the standard is directed at the pipeline's efficiency as a transport vehicle or its effectiveness as a containment system.

When transported by other modes, however, packagings for hazardous materials are generally less complex. Furthermore, the intent of a performance-oriented standard for such a packaging is clear and unambiguous. It is to ensure that the package is capable of carrying the hazardous material from origin to destination without any loss of product or other incident. Drop tests, pressure tests and stacking tests, for example, all simulate the conditions of transport. For these reasons we do not expect shippers of hazardous materials to encounter the same difficulty that pipeline operators have had in understanding the intent of performance-oriented standards.

Shippers of hazardous materials may, of course, anticipate other problems in converting from specification to performance-oriented packaging standards. However, these are the kinds of issues that RSPA expects to address in the review process that will commence immediately upon the close of the comment period on Docket HM-181.

STATE ENFORCEMENT OF HAZARDOUS MATERIALS REGULATIONS

SENATOR LAUTENBERG: Last year you testified that the 50 states had adopted Federal or comparable hazardous materials regulations.

What problems have ensued as a result of a lack of uniformity in interpretation of the regulations and assessments of penalties among the states? (Please provide information on the nature and scope of the problems and what RSPA has done to resolve them).

ANSWER: RSPA has received information and some complaints from the regulated community that the Hazardous Materials Regulations (HMR) are not being uniformly enforced by the states. Penalties and fines range from extremely low to very high for similar violations in different states. States have adopted a wide variety of penalty actions. These include civil forfeitures, administrative penalties, criminal penalties, and a combination of these.

States also differ in their procedures for adopting the regulations. Some states pursue rulemaking following state procedures for public notice and comment. Many states adopt the HMR in total and as amended while others must have enabling legislation and wait until the state legislative body meets before amendments can be made. In some states, the waiting period before the legislative body meets can be up to two years. During this period the state enforcement agency can not enforce the HMR as they are amended, but are restricted to an outdated set of rules. This necessarily contributes to a lack of uniformity in enforcement.

RSPA's approach to these problems has been through the Cooperative Hazardous Materials Enforcement Development (COHMED) Program which provides a forum for the exchange of information and places emphasis on uniform adoption and enforcement of the HMR. State COHMED representatives have collected information on the types and levels of penalty actions conducted by each state. RSPA has contracted with the National Governors' Association to compile the data, develop a guide for state executives, review existing state legislation and develop a model legislative package for states to use in the enhancement of their current legislation. We are also actively working with the Commercial Vehicle Safety Alliance (CVSA) and enlisting their assistance in these endeavors. In cooperation with the state of Utah, we have developed a draft judicial handbook for use by state and local judges to help them distinguish between mere technical violations and ostensibly trivial violations that could seriously compromise public safety.

RSPA, the Federal Highway Administration and the CVSA are jointly developing a nationally uniform training course for state inspectors. We expect to complete development of the course by mid-year and begin the training immediately thereafter. Uniform training will help eliminate incorrect interpretations and assumptions by individual enforcement officers and prevent some actions that previously have been taken at their discretion.

In addition, RSPA continues to utilize its inconsistency ruling process to discourage state and local governments from adopting requirements inconsistent with the Federal regulations. During 1987, five inconsistency rulings were issued by the Director, Office of Hazardous Materials Transportation; these determined that hazardous materials transportation requirements of Prince George's County (MD), the Nevada Public Service Commission, the Triborough Bridge and Tunnel Authority (TBTA) of the State of Connecticut, and New York City were inconsistent with Federal regulations. Although four of these rulings are on appeal to the Administrator of RSPA, two of those are being used in court by hazardous materials carriers. In addition, the TBTA responded to the ruling on its regulations by making major changes to those regulations.

HAZARDOUS MATERIALS TRAINING

SENATOR LAUTENBERG: Last year you stated that RSPA was drafting a notice of proposed rulemaking concerning training for persons involved in handling hazardous materials. You also testified that you expected to issue the ANPRM in June 1987. Have you issued the notice? If not, why and when will it be issued?

ANSWER: RSPA is currently developing a draft notice of proposed rulemaking which will address training for persons who handle hazardous materials. We expect to publish this NPRM this spring. Our anticipated publication of a proposed rulemaking in 1987 was deferred until now in anticipation of rulemaking by the Department of Labor's Occupational Safety and Health Administration (OSHA).

In August of 1987, OSHA issued an NPRM in response to Title I of the Superfund Amendments and Reauthorization Act (SARA) of 1986 which imposes certain requirements for training workers who handle hazardous materials and impacts on RSPA's proposed rulemaking. In that same month, OSHA issued a final rule concerning hazard communications which requires, in part, that employers have training programs for employees who handle hazardous materials. We are attempting to craft our proposal to eliminate potentially conflicting or duplicative requirements, while accomplishing our safety objectives. In order to expedite implementation of training requirements, we have decided to forego issuance of an advance notice and will instead issue a notice of proposed rulemaking.

NATURAL GAS AND HAZARDOUS LIQUID PIPELINE SAFETY GRANTS

SENATOR LAUTENBERG: You are requesting $4,750,000 for the pipeline safety grants-in-aid program. This represents an increase of $475,000 over the Fiscal Year 1988 request.

How much of the $4,750,000 will be used to fund state activities under Section 5(a) of the gas pipeline safety program?

ANSWER: RSPA plans on allocating $4,512,500 to the states participating in the gas pipeline safety program.

SENATOR LAUTENBERG: How much will be targeted to getting more state participation under Section 205(a) of the hazardous liquid pipeline program?

ANSWER: RSPA plans on allocating $237,500 to the states participating in the hazardous liquid pipeline safety program.

SENATOR LAUTENBERG: Which states have intrastate hazardous liquid pipeline systems of most concern to RSPA?

ANSWER: RSPA has concentrated its hazardous liquid grant efforts over the last two years on encouraging those states with the most miles of hazardous liquid pipeline to adopt the RSPA rules and enforce them, thus making each state eligible for a federal grant. Those states include California, Louisiana, Oklahoma, and Texas. Each of these states is participating in the hazardous liquid pipeline safety program. In addition, the following states are participating in the hazardous liquid grant program: Arizona, West Virginia, Alabama, and Mississippi. RSPA will continue to encourage all states with intrastate hazardous liquid pipelines to participate in its state program. In addition, RSPA reviews all participating state programs on an annual basis to assure that the state has an adequate pipeline safety program. RSPA is now interested in encouraging participation by the following states with liquid pipelines who previously expressed interest in joining the federal/state partnership: Arkansas, Hawaii, Indiana, Iowa, Kansas, Nebraska, Nevada, North Dakota, Ohio, and Wyoming.

SENATOR LAUTENBERG: How soon after the date of employment are state pipeline safety inspectors required to attend pipeline safety training courses?

ANSWER: State inspectors are encouraged to attend the pipeline safety training courses at RSPA's Transportation Safety Institute (TSI) as soon as possible after their employment reporting date. The new inspectors are expected to complete their TSI training course schedule within 3 years.

PIPELINE SAFETY R&D

SENATOR LAUTENBERG: You are requesting $250,000, an increase of $100,000 to fund the third year of research into whether federal standards need to be changed to recognize safety-related differences between pipelines carrying hazardous liquid and those carrying natural gas.

When will this research be completed?

ANSWER: We anticipate completing this research in FY-90 if the requested funds are appropriated for this purpose.

SENATOR LAUTENBERG: Are there any indications so far that there are differences that may be significant enough to warrant changes in standards?

ANSWER: Yes, differences have been identified and certain rulemakings have been completed and others are scheduled. In the pipeline welding standards, a series of rulemakings have been completed to upgrade the hazardous liquid pipeline standards so that they conform to the gas pipeline standards. A Notice of Proposed Rulemaking is scheduled to be issued this Fall which will complete the series.

Two other Notices of Proposed Rulemaking are scheduled to be issued later this year. One will deal with damage prevention programs. The federal gas pipeline safety regulations now require that gas operators have damage prevention programs. The notice will propose that a similar rule apply to hazardous liquid pipelines. The other relates to maintenance of appropriate information about hazardous liquid pipelines which is essential for emergency response, compliance with safety standards, and other purposes. This action will propose to equalize as far as possible the requirements that gas and hazardous liquid pipeline operators keep maps and records to show the location and other characteristics of pipelines. In addition to these rulemakings, RSPA is studying the advisability and necessity of establishing higher safety factors for liquid pipelines in more populated areas. Should the results of this study indicate the need for rulemaking, we will schedule it later this year.

OFFICE OF AVIATION INFORMATION MANAGEMENT

SENATOR LAUTENBERG: You are requesting an increase of seven positions for this office as well as an increase in budget authority of $495,200. The seven additional positions represent a 64 percent increase in staffing over the fiscal year 1988 level. Why are those additional positions needed when last year your request showed a reduction of one position? What benefit will be derived that can't be achieved by supplementing the present staff with part time employees?

ANSWER: The increase of seven positions is needed to provide a minimum essential core staff to perform the regulatory work of the AIM program. The work of these positions was previously thought to be susceptible to contracting out. However, the AIM program requires these positions to accomplish its regulatory functions, which is inherently Governmental work not susceptible to contractor performance.

The eleven positions authorized for FY 1988 were reduced by one position for FY 1989 on the assumption the Essential Air Service (EAS) program would not continue beyond its legislated sunset date of December, 1988. Since the original budget request, Congress extended the EAS program for ten more years; therefore, our budget request did not include a specific position for this program.

Our FY 1989 budget request reflects our continuing efforts to improve the Aviation Information Management (AIM) program. It includes the continued collection of user reimbursements for data and services, to provide about 45% of the AIM program's funds. It envisions continued use of contractual resources for routine, recurrent data administration and ADP services. It also requires the restoration of eight AIM positions, or a net increase of seven, for work that was originally considered to be susceptible to contracting out. The positions are required for a basic core staff of eighteen that strikes an optimum balance for the AIM program between Federal staff and contractor resources. The positions are required in order for the AIM program to meet the Department's critical needs for aviation economic data and services. This staff level of eighteen is about one-half the size of the AIM program that was transferred to DOT in January 1985 from the Civil Aeronautics Board.

These efforts to improve the AIM program began in FY 1986 following Congressional mandates to restructure and realign the AIM program, to reduce Federal staff, to contract out some of the work, and to implement user pay concepts. We have been successful in each of these areas.

Recently, however, significant changes have occurred in the air transportation industry that materially impact our efforts to improve the AIM program. These changes require DOT users of AIM data and services to address increasingly complex aviation policy issues in very short time frames. Examples of these changes are recent quality of service problems such as flight delays and mishandled baggage, merger and replacement service proposals, and new international air service opportunities. In order to analyze and act on these issues in a timely manner, DOT program officials require immediate interaction with AIM experts and quick access to AIM data and AIM ADP services. This requires the AIM staff in Washington, D.C., instead of at TSC.

Our FY 1989 budget request reflects our success with user pay. We hope to collect about $1,100,000 from users, or 45% of the funds needed for AIM program operations. About $200,000 will come from non-DOT sources.

We have made progress in reducing staff and contracting out AIM activities. The original plan was to move all of the AIM data administration and AIM ADP services functions to TSC, and replace them with contract staff, leaving only the AIM regulatory function and a few AIM ADP liaison staff at DOT headquarters. The changes in the air transportation industry mentioned above have shown that the AIM program requires a larger core staff of AIM experts at DOT headquarters than we anticipated. The staff must include AIM data administration experts and AIM ADP service experts previously considered for transfer to TSC, in addition to AIM regulations experts, working as a data services team. Their viewpoints and knowledge of the data's characteristics and idiosyncrasies are essential in order to provide expert advice and guide DOT program officials on the use and application of aviation data.

Our efforts have resulted in the use of contractors for recurrent, routine work. For FY 1989 we will continue to rely on contractors, but they will be based in Washington, D.C. in order to effectively interact with the AIM program.

OFFICE OF EMERGENCY TRANSPORTATION

SENATOR LAUTENBERG: You are requesting an increase of $124,700 for the OET operations, of which $51,200 is for analytical support. Is the analytical support effort directed to maintaining a comprehensive high quality data base system? Or, is your justification indicative of the fact that we have yet to establish such a system?

ANSWER: The purpose is to use, maintain, and enhance an existing comprehensive high quality data base system. The system contains modal data (air, rail, motor carriers, highway bridges, sea ports, and airports) that are affected by economic changes in the transportation industry. Our request for additional funding in FY 1989 is necessary to:

- Operate the data base system in support of training and exercises.
- Acquire revised data and computer operations to update the data base system.
- Establish an on-line damage assessment and mapping/graphics capability to enhance micro-computer operational programs.

The net value of the system provides a capability to rapidly access and use valid information on transportation services in an emergency.

SENATOR LAUTENBERG: How are the present day emergency transportation capabilities unable to adequately meet present day national security response requirements? What is the nature and scope of our shortcomings, if any?

ANSWER: The OET has the capabilities to meet the national security responsibilities. These capabilities are supported by a substantial transportation data base system and a means to rapidly access information from the system. The shortcomings associated with the transportation data base system are: (1) the lack of new computer technology applications which would allow an analysis of the transportation data in a timely and effective manner, and (2) the lack of valid and current transportation modal information to maintain the integrity of the data base system.

QUALITY ASSURANCE PROGRAMS

SENATOR LAUTENBERG: Your report on mandatory quality assurance programs for pipeline operators states that quality assurance programs do not necessarily increase system safety.

What is the basis for that statement?

ANSWER: RSPA inspectors have found violations of federal safety standards by operators having comprehensive quality assurance (QA) programs with well structured QA records and procedures that erroneously indicated that safety objectives had been achieved.

SENATOR LAUTENBERG: What is the difference between a RSPA inspection and a quality assurance program that is properly designed and implemented?

ANSWER: An RSPA comprehensive inspection includes a review and evaluation of the adequacy of operators' operation and maintenance procedures, records, and practices. In carrying out this assessment, aboveground facilities are observed for proper installation and operation, field verification instrument tests are performed, and interviews are held with operating employees responsible for pipeline safety.

A properly designed and implemented QA program would also include a review and evaluation of procedures, records, practices, and interviews with appropriate operating employees. Field verification instrument tests would not generally be performed; however, QA personnel could be expected to witness certain of these tests performed by the operating employees. In this regard, assuming that QA personnel are equally knowledgeable in the understanding and application of the regulations, the two programs could be characterized as more alike than different.

SENATOR LAUTENBERG: You concluded that a mandatory quality assurance program would not yield sufficient benefits because all pipeline operators already have some type of audit program to assure that company and federal standards are being followed.

Is that correct?

ANSWER: RSPA does not have an adequate basis for concluding that a mandatory quality assurance program would result in safety benefits outweighing the costs of imposing such requirements nor vice-versa. That is why we will, through our pipeline inspection program, gather information relevant to cost/benefits of a quality assurance program.

SENATOR LAUTENBERG: In addition, operators are also required to have written procedures describing how they comply with RSPA regulations.

Is that also correct?

ANSWER: Yes, RSPA requires that operators have written procedures describing the way compliance with our regulations will be assured.

SENATOR LAUTENBERG: If so, then why are your inspections frequently finding that pipeline operators lack adequate written procedures?

ANSWER: RSPA's standards are generally performance-oriented rather than design specific. For example, written procedures are required for normal operation and maintenance of gas pipelines. The rule does not specify a list of procedures to be included or the specific tasks to be performed. RSPA inspectors review these procedures during comprehensive inspections. These reviews have indicated that procedures are incomplete, omitted, or not being followed. RSPA will initiate rulemaking in May 1988 to amend this rule to include more specificity and instruction.

PERFORMANCE-ORIENTED SAFETY RULES

SENATOR LAUTENBERG: In your report to this Committee you said that pipeline operators under federal jurisdiction frequently have problems with performance-oriented safety rules.

You stated they don't understand the intent of rules and this is a major reason for the most frequent and most dangerous violations of federal safety standards.

Is the failure to meet federal requirements by gas pipeline operators a greater hazard to safety than the same type of noncompliance by hazardous liquid pipeline operators?

ANSWER: Yes, RSPA's examination of the most frequent and most dangerous violations of federal safety standards indicated the reasons for most of these violations are the absence of understanding by the operator of the intent of performance-oriented rules, or inadequate procedures. For example, we determined that the most frequent violations of the gas regulations involved inadequate instructional procedures and practices for mitigating corrosion on pipelines. These operator inadequacies in corrosion control procedures and practices resulted in pipeline degradation and leakage, which we believe represent the most dangerous violations of gas regulations. For these reasons as well as RSPA's overall intent to enhance the quality of operators' personnel and system operations, RSPA will publish a notice in May 1988 to amend the current regulations and develop more comprehensive operation and maintenance procedures for gas pipeline operators (similar to the more specific hazardous liquid procedures), and propose a regulation to require that pipeline operators performing a specific safety function be qualified and trained to perform the function. In addition, the RSPA enforcement manual guidelines for compliance with the regulations have been made available to industry personnel.

In regard to the circumstances that lead to pipeline operational failures or pose imminent risk to the public safety, RSPA identified two high risk categories: uncontrolled release of gas or hazardous liquid and overpressuring of pipelines. RSPA believes that under similar circumstances, releases or overpressuring involving either type of material would pose similar risks to public safety.

ALTERNATIVES TO MANDATORY QUALITY ASSURANCE

SENATOR LAUTENBERG: In your report to the Committee you presented three recommendations as alternatives to mandatory quality assurance. These recommendations include amending current regulations, proposing a new regulation, and distributing your enforcement manual guideline.

What role did the industry you are responsible for regulating play in the reassessment of the need for mandatory quality assurance programs?

ANSWER: RSPA asked its two pipeline safety advisory committees in a joint meeting to reassess the need for mandatory QA. Each committee has 15 members, including four industry representatives. After ascertaining that there was no new evidence to support the requirement, the committees reaffirmed their position in favor of keeping QA voluntary. This role represented the only industry involvement in the reassessment.

HAZARDOUS MATERIALS INSPECTION

SENATOR LAUTENBERG: Does RSPA know the number of imports of non-bulk hazardous materials?

ANSWER: Based on information developed by the U.S. Coast Guard from their own analysis as well as information provided by the American Association of Port Authorities, there were 8.7 million freight containers brought into or exported from the United States in 1986 involving 57.5 million tons of packaged freight. About 15% of those containers, approximately 1.3 million, were filled with 8 million tons of packaged hazardous materials. Since the U.S. has a positive balance of trade in the area of chemicals, RSPA assumes that less than 50% of this amount would be imports.

SENATOR LAUTENBERG: How many nonvessel-operating common carriers (NVOCC's) are there?

ANSWER: RSPA estimates that currently there are approximately 1,000 NVOCCs.

SENATOR LAUTENBERG: What level of compliance or noncompliance have you found in your inspections of non-vessel operating common carriers?

ANSWER: During the period of Fiscal Year 1986 to the present, RSPA conducted 43 NVOCC inspections and found a non-compliance rate of 16%. Seven warning letters have been issued, primarily for discrepancies in paperwork. The 16% noncompliance rate is for less serious violations. As a result of followup investigations after one NVOCC inspection, however, RSPA is preparing a civil penalty enforcement case, which should be initiated within the next month.

SENATOR LAUTENBERG: How many more inspectors did you ask for that OMB did not give you?

ANSWER: RSPA's initial Fiscal Year 1989 budget request for enforcement was for ten additional positions--eight inspectors and two secretaries. This reflected a preliminary proposal to establish five field offices during Fiscal Year 1989. OMB took no exception to field offices, in principle, but declined to approve RSPA's full resource request. RSPA did not appeal the request for ten positions because we agreed with OMB that it would be difficult to set up all five field offices and hire eight inspectors in Fiscal Year 1989. Instead, OMB approved a staffing increase of three inspectors a move which is consistent with the established pattern of gradual growth in the hazardous materials enforcement program.

SAFETY REVIEW TASK FORCE RECOMMENDATIONS

SENATOR LAUTENBERG: Please provide for the record an updated status report on the specific actions which address the Secretary's Safety Review Task Force Recommendations.

[The report follows]

STATUS REPORT ON
SPECIFIC ACTIONS WHICH ADDRESS
THE SECRETARY OF TRANSPORTATION'S
SAFETY REVIEW TASK FORCE RECOMMENDATIONS
ON THE RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION'S
HAZARDOUS MATERIALS TRANSPORTATION SAFETY PROGRAM

Introduction

This report summarizes the completed, current and proposed actions which address the recommendations of the Secretary of Transportation's Safety Review Task Force on the Research and Special Programs Administration's (RSPA) hazardous materials transportation safety program. Many of these actions are planned improvements previously contemplated for the program, while others have been developed as a direct response to the Task Force recommendations.

For the convenience of the reader, a standard format has been adopted throughout this report. Each Task Force recommendation (Recommendation) is followed by a restatement of RSPA's planned action in response to that recommendation, as transmitted to the Secretary in RSPA's August 11, 1986 Implementation Plan (Response (8/11/86)). This plan has been accepted by the Secretary. There follows one or more interim status reports as previously reported (e.g., Status (4/27/87). Finally, the current status of each recommendation is discussed (Current Status (3/11/88)).

I. REGULATORY PROGRAM

RSPA concurs with the Task Force view that in order to carry out its mission, RSPA should allocate additional personnel to its regulatory activities. Accordingly, seven additional full-time employees (FTE's) have been included in RSPA's FY 87 budget request. Many of the other recommendations can be accomplished by exercising better management controls, and these controls will be implemented as follows. (8/11/86)

Recommendation

I. 1. RSPA should immediately begin to issue periodic regulatory planning documents that list rulemakings in order of importance and identify resource and staffing requirements and schedules for completion.

Response (8/11/86)

RSPA has developed a management tracking system which became finalized and operational at the end of July. This new tracking system will help management to assign priorities, track workload, work flow, and timeliness of all RSPA projects and activities, including ongoing and proposed and planned rulemakings. By integrating the rulemaking agenda into the overall work schedule of RSPA, we will assure that rulemaking projects receive the proper priority and that suitable staffing is provided to allow timely completion.

Status (4/27/87)

RSPA reviews and prioritizes its list of regulatory projects at least once a month. The list is entered directly onto the Administrator's management tracking system for review by all levels of RSPA management.

Current Status (3/11/88)

Unchanged.

Recommendation

I. 2. Since HM-181, Performance-Oriented Packaging Standards, is an important rulemaking with substantial promise of improving current agency operations and simplifying the hazardous materials regulations, RSPA should place priority and dedicate additional staff resources to it.

Response (8/11/86)

A dedicated team of four personnel has already been assigned to this effort. RSPA views this rulemaking to be of sufficient priority that we have recruited support from outside our organization (one of our team members is an FRA employee). We will reassign personnel with relevant technical experience from other offices in RSPA should additional difficulties be encountered.

Because of the complexity of this rulemaking, a firm deadline is difficult to commit to. Internally, we have set December 1986 as the timeframe for publication of an NPRM. This is still our deadline date and we will monitor progress toward meeting this date on a monthly basis through our management tracking system.

Status (4/27/87)

A draft Notice of Proposed Rulemaking (NPRM) under Docket HM-181 (Performance-Oriented Packaging Standards) has been completed and is awaiting printing in the Federal Register.

Status (8/27/87)

The NPRM was published on 5/5/87. The public comment period closes on 11/2/87.

Current Status (3/11/88)

A corrections document published on 11/6/87 extended the comment period to 2/26/88. Due to late, but heavy, interest the comment period is being reopened and will extend through May.

Recommendation

I. 3. RSPA should address, as part of or prior to issuance of a final rule on HM-181, questions regarding whether its classification system adequately addresses the various risks that are posed in transporting hazardous materials.

Response (8/11/86)

RSPA is currently examining the classing procedures contained in the Recommendations of the United Nations Committee of Experts on the Transport of Dangerous Goods, in particular, the classification of poisonous gases (Class 2) and poisonous liquids which exhibit inhalation toxicity characteristics (Division 6.1). Among the questions this examination will address are (1) the adequacy of the U. N. classification system relative to accident environments, and (2) adequacy of the U. N. packaging system relative to transportation risks such as vibration and puncture factors. If the class criteria are found to be inadequate, RSPA will then consider which of two options is most suitable: modifying the procedures for U. S. domestic use, or seeking changes in the U. N. system, itself. RSPA seeks to complete the NPRM in 1987.

Status (4/27/87)

The draft NPRM under Docket HM-181, completed and under administrative review, proposes a departure from the classification system presently contained in the U.N. recommendations. This draft proposes to divide Class 2 (gases) into three divisions: Division 2.1 for flammable gases; Division 2.2 for compressed gases (non-flammable, non-toxic); and Division 2.3 for toxic gases. Division 2.3 is further divided into three packaging groups. While this is a departure from the U.N. recommendations, it is consistent with the International Maritime Dangerous Goods Code of the International Maritime Organization and provides for a more stringent safety standard than the U.N. recommendation.

Current Status (3/11/88)

RSPA has submitted a technical paper to the U.N. proposing the adoption of the IMO system of three divisions as part of the U.N. Recommendations.

Recommendation

I. 4. RSPA should continue to improve coordination with EPA. Formal procedures aimed at improving coordination between the two agencies should be established in order to encourage better technological exchange between the two agencies.

Response (8/11/86)

RSPA concurs that improved coordination with EPA will encourage better exchanges between the two agencies. Substantial progress has already been made in improving relations with EPA since the appointment of Cindy Douglass as Administrator of RSPA.

Recently, there has been considerable coordination with EPA concerning wastes, hazardous substances and materials having the EPA-defined characteristics of Ignitable, Corrosive, or Reactive (ICR), and their relationship to the DOT hazard classes of Flammable Liquid, Corrosive Material, and Explosives A and B. Another area of joint effort has been the transportation risks associated with ocean incineration of hazardous wastes. RSPA will seek to define the steps necessary to formalize the process of sharing, exchanging, and coordinating use of technical data and information. If a Memorandum of Understanding (MOU) needs to be proposed, RSPA will take the necessary steps to draft such an MOU.

Status (4/27/87)

In November, RSPA published a final rule (Docket HM-145F) on hazardous substances which was carefully coordinated with EPA's Office of Emergency and Remedial Response (Superfund). More recently, RSPA has agreed to assist EPA's Office of Pesticides and Toxic Substances in evaluating packagings for the transport and storage of PCB's. RSPA and EPA are also merging their telephonic spill notification data bases, and cooperated on a study on the potential problems associated with the possible contamination of non-hazardous goods by hazardous materials when transported in trucks and rail cars. RSPA is exploring the usefulness of a Memorandum of Understanding between DOT and EPA.

Status (8/27/87)

A letter has been drafted to EPA Administrator Thomas urging improved program coordination between our agencies and suggesting that a focal point for liaison be established. The current draft is in the RSPA Administrator's office.

Current Status (3/11/88)

RSPA and EPA recently conducted the first of a regular series of meetings devoted to increased coordination on regulatory and policy matters. It was agreed that additional coordination meetings will be held periodically. In addition, cooperative efforts have taken place with respect to specific issues, including transportation planning for EBD disposal, technical guidance for SARA Title III emergency planning, and the identification and regulation of infectious wastes.

Recommendation

I. 5a. Rulemaking staff assignments and priorities should be made to assure that actual regulatory drafting has priority, and to ensure that staff have adequate uninterrupted periods of time to work on rulemaking activity.

Response (8/11/86)

A number of administrative actions are underway to implement this recommendation. The management tracking system discussed in Recommendation I.1. (Regulatory Program) above should facilitate assigning priorities and designating of staff assignments. Furthermore, the Office of Hazardous Materials Transportation (OHMT) is developing a telephone call information sheet for clerical personnel that will facilitate the distribution of incoming calls. This improved routing system will alleviate some of the burden from the technical staff involved in the drafting of rules.

Status (4/27/87)

RSPA continues to route correspondence and telephone calls in a manner that allows the specialists, who are drafting regulations, blocks of uninterrupted time to work on these projects.

Current Status (3/11/88)

The management tracking system implemented in July 1986 and the system to appropriately distribute outside inquiries among the professional staff have improved work flow and productivity by ensuring that specialists have adequate time to devote to rulemaking.

Recommendation

I. 5.b. In order to promote uniformity, controls should be placed on the number and type of interpretations being delivered by the agency. RSPA should reassert its exclusive authority for issuing written interpretations of the regulations.

Response (8/11/86)

The RSPA Chief Counsel has obtained the concurrence, in principle, of the hazardous materials enforcement attorneys of each of the four modal administrations for a process for the issuance of interpretations. This process will provide uniformity in interpretations by having the RSPA Chief Counsel's Office serve as the focal point for all interpretations, either as the coordination point on interpretations involving only one mode, or as the issuance office for all interpretations affecting more than one mode's activities. A key component to the value of the process is the consistent dissemination of interpretations within the Department and among our counterparts in the states. This process is expected to be fully operational by the end of FY 86.

Status (4/27/87)

The process, developed by the Office of the Chief Counsel of RSPA, to issue interpretations, with the cooperation of the Counsels' offices of the four modal administrations, is now in place and functioning. A description of the process is attached. (With 4/27/87 status report.)

Status (8/27/87)

Abstracts of issued interpretations are available on the joint RSPA/FEMA Hazardous Materials Information Exchange (HMIX).

Current Status (3/11/88)

Unchanged

Recommendation

I. 5.c. RSPA should make written interpretations of the regulations more accessible to the public and should catalog or digest current interpretations for distribution.

Response (8/11/86)

RSPA plans to handle interpretations in a more formal manner, as discussed in I.5.b. above. Each interpretation will be (1) numbered for identification purposes, (2) made available for examination in the Public Dockets room, (3) abstracted for easy retrieval from the RSPA interpretations data base, and (4) disseminated to the states via our Cooperative Hazardous Materials Enforcement Development (COHMED) contacts and through the modal administrations. In addition, a digest or catalog of current interpretations will be made available to newsletters and trade publications. We will also make interpretations available for computerized recall via the MCSAP SAFETYNET network as that system becomes implemented.

Status (4/27/87)

The formal process is in place, and interpretations are being distributed to the modal administrations. Avenues for effective distribution to the states are currently being evaluated. Interpretations are being abstracted for easy retrieval from RSPA's interpretations data base. DOT's interpretation process and state access to it will be discussed with the state enforcement agencies at our COHMED meeting in San Diego in March.

Current Status (3/11/88)

Unchanged

Recommendation

I. 5.d. RSPA should attempt to train personnel in more than one area of expertise and ensure that backup personnel are available.

Response (8/11/86)

In order to increase the depth of our staff, RSPA management assigns personnel to work jointly on multidisciplinary tasks. In addition, RSPA plans to place certain junior level new-hires in intern-like rotational assignments before permanent assignment. This allows staff to gain familiarity with technical fields and issues other than those in which they received their basic training.

Furthermore, every effort is being made to enroll technical personnel in training courses that provide instruction on current utilization of new technologies dealing with testing and classification of hazardous materials, and the construction, testing and requalification of hazardous materials packagings. Field trips are scheduled on a rotating basis for employees to observe and evaluate operational activities in the manufacture, testing and use of hazardous materials packagings, and also to evaluate the adequacy of the regulatory safety control measures applicable to the transport of hazardous materials.

Status (4/27/87)

Both multidisciplinary and/or multimodal teams have been used to address classification and packaging issues in support of HM-181, Performance-Oriented

Packaging Standards; HM-183, Requirements for Cargo Tanks; and the development of guidelines for the approval of packagings for materials toxic by inhalation.

Three work/study students have been hired and are functioning in intern-like rotational assignments. A senior level chemical engineer has been added to technical staff. Recruitment action for additional technical staff in health physics, mechanical engineering and materials is underway. An additional Mechanical Engineer position has been included in the FY 88 budget request.

Staff members of the Technical Division have participated in a number of field trips or training activities to gain greater knowledge of technical advancements and issues relating to hazardous materials transportation (Examples: Packaging Expo 86, an international packaging exposition, and a Joint EPA-DOE Technical Workshop on the Determination of Atmospheric Dilution for Emergency Preparedness).

Status (8/27/87)

An additional health physicist has been hired, and recruitment is in process for a mechanical engineer.

Current Status (3/11/88)

Specialists within the Standards Division are now routinely given varied assignments so that they can become familiar with many areas of the regulations, rather than becoming overspecialized in one or more areas such as cylinders, explosives or packaging.

Even though specialization is necessary by the very nature of technical work, the Technical Division has also established a practice of having two staff members involved in each area of expertise.

Increased personnel authorizations for FY 89 should provide sufficient personnel so that regulations staff can participate in training and outreach efforts while maintaining uninterrupted time for regulatory drafting. In the Technical Division a junior level chemical engineer has been hired and recruitment is in progress for a mechnical/general engineer.

Staff members of the Technical Division participated in a number of field trips and training activities to gain greater knowledge of technical advancements and issues relating to hazardous materials transportation.

II. INSPECTION AND ENFORCEMENT

Recommendation

II. 1. RSPA should allocate additional personnel to enforcement and should seek alternative methods for fulfilling its current enforcement responsibilities. The Task Force believes that the addition of at least four enforcement personnel, in conjunction with the development of improved enforcement methods and adoption of procedures designed to encourage voluntary compliance, should serve to improve RSPA's enforcement program.

Response (8/11/86)

Four new inspectors will be added by the spring of 1987, in two stages. First, RSPA has had four new positions allocated for enforcement in FY 86, which will be assigned as follows. One position will be allocated to the enforcement program to augment the inspection of import and export shipments of hazardous materials at U. S. ports and other waterfront facilities. The second position will be allocated to the Chief Counsel's Office to provide additional service to the enforcement program. Timeliness in handling of enforcement actions is essential to the operation of an effective program. Since the concept of states carrying out their own hazardous materials programs is being fostered and promoted by RSPA, the third and fourth positions will be allocated to the Federal, State, and Private Sector Initiatives Division to provide expertise in providing assistance to the states with respect to their hazardous materials enforcement programs. It is anticipated that these four positions will be filled by the end of FY 86.

Second, RSPA has requested five additional positions for FY 87 to enhance our inspection and enforcement efforts. Three of these positions, plus the one in FY 86, will add a total of four new inspectors to the enforcement program by the spring of 1987. Two of the five new positions will work directly with the states to assist in the development of uniform inspection and enforcement programs and in the development of uniform training and guidance materials.

RSPA concurs with the recommendation to improve its enforcement and compliance procedures. Toward this end, the Enforcement Division and the Chief Counsel's office have implemented a new system for issuing Notices of Probable Violation, which will enhance the timeliness of RSPA's hazardous materials enforcement cases.

This new procedure, in conjunction with our practice of issuing warning and advisory letters, should enhance the incidence of voluntary compliance with our regulations. Furthermore, RSPA's greater emphasis on states and private sector initiatives should increase our enforcement leverage by fostering the participation of a much larger number of personnel in the enforcement process. A number of workshops with state enforcement personnel have already been held this year.

Status (4/27/87)

During FY 86, the Enforcement Division added a Hazardous Materials Enforcement Specialist to its staff to augment the inspection effort aimed at import and export shipments of hazardous materials at U. S. ports and waterfront facilities. The Office of the Chief Counsel has added an additional staff attorney to support hazardous materials enforcement.

Three new inspection positions will be added to the enforcement program during FY 87. One position will be utilized to provide inspection coverage in the area of explosives transportation. The second position will be used to provide additional inspections in the cylinder manufacturing and retesting areas. The third position will be used to further augment inspection of import and export shipments of hazardous materials at U. S. ports and waterfront facilities. Candidates are presently being recruited for these three positions. An additional inspection position has been requested in the FY 88 budget submission to enhance our capability to monitor the transportation of explosives.

RSPA's Federal, State and Private Sector Initiatives Division has initiated recruitment for the two new positions requested in FY 87. The two positions will enhance the Division's outreach program by working directly with the states to assist in the implementation of hazardous materials programs, promoting uniformity of inspection/enforcement, and providing training and guidance materials. Two additional positons have been requested in the FY 88 budget submission to further enhance these and other division functions.

Status (8/27/87)

Two of the three new FY 87 inspection positions have been filled, and the third is being recruited. An additional inspection position has been requested in the FY 88 budget submission to enhance our capability to monitor the transportation of explosives.

One of the two new FY 87 outreach program positions has been filled, and the second is being recruited. Two additional positions have been requested in the FY 88 budget submission to further enhance these and other Division functions.

Current Status (3/11/88)

All authorized inspection positions have been filled.

Recommendation

II. 2. RSPA should take the lead in coordinating Departmentwide hazardous materials enforcement.

Response (8/11/86)

RSPA has initiated a monthly coordination meeting with BMCS and a bimonthly coordination meeting with the other three modal administrations as a forum for discussion and coordination of enforcement and other hazardous materials issues (meetings scheduled for the first Wednesday of each odd-numbered month). In addition, the Chief Counsel, RSPA, has instituted regularly scheduled coordination meetings with the hazardous materials enforcement attorneys of the four modal administrations (meetings scheduled for the first Wednesday of each even-numbered month). These meetings will serve as the focal point for RSPA in providing leadership in coordination of hazardous materials enforcement activities.

Status (4/27/87)

The bi-monthly hazardous materials coordination meeting and the hazardous materials enforcement attorneys meeting are being held with each of the modal administrations. These meetings are being held to discuss and coordinate various enforcement matters and other hazardous materials issues.

Current Status (3/11/88)

Unchanged.

Recommendation

II. 3. RSPA should issue Departmentwide uniform inspection and enforcement guidelines for use by the modes and the states.

Response (8/11/86)

RSPA has developed written inspection guides for general hazardous materials, radioactive materials, and MC-306 cargo tanks, which have been widely distributed to state and Federal inspectors. Currently under development are guides for inspection of hazardous wastes (other than radioactive materials) and spent nuclear fuel. These guides are expected to be available by the end of FY 87.

RSPA will utilize the intermodal coordination efforts described in response to recommendations I.-5.b. and II.-2. to further Departmentwide uniformity in enforcement and inspections.

RSPA agrees that greater uniformity among states is a desirable goal in the enforcement program. Through the Cooperative Hazardous Materials Enforcement Development (COHMED) program, the Commercial Vehicle Safety Alliance (CVSA), and the Motor Carrier Safety Assistance (MCSAP) program, RSPA will encourage and promote the development of uniform inspection and enforcement procedures by the states. The first set of COHMED workshops was held this winter and spring. Similar workshops for nuclear transportation (held in conjunction with DOE and NRC) are being planned for this fall.

RSPA is already assisting the State of Utah in development of a judiciary handbook for attorneys, judges, and other court officials, which will provide information about hazardous materials in general, and hazardous materials enforcement in particular. We expect this material to be completed during FY 87, and will encourage dissemination to other jurisdictions.

Status (4/27/87)

RSPA has developed two draft inspection guidebooks for Hazardous Waste Shipments (other than Radioactive Materials) By Motor Vehicle or at Freight Facilities, and for Spent Nuclear Fuel Shipments By Motor Vehicle. Both guidebooks are currently undergoing review for consistency and accuracy. Each guide continues to promote uniform inspection and enforcement procedures by the states.

The first series of COHMED workshops was held in March and April 1986, and the second series of COHMED workshops was held in March 1987. Similar workshops for nuclear transportation were held (in conjunction with DOE, NRC, and FEMA) in early 1987 with the first and second workshops in Boise, Idaho, and Santa Fe, New Mexico. These workshops are designed to develop a coordinated and cooperative effort among state, Indian and Federal agencies involved in the transportation of radioactive materials. A draft judiciary handbook, developed by the State of Utah, has been received and is currently being reviewed.

Status (8/27/87)

The COHMED national and regional coordinators met in Washington, D.C., from August 24 - 27, 1987. The meeting planned new strategies to identify and deal with problem areas during FY 88. With the representation present at the planning session and the ideas generated, the next year promises to be a very busy and productive one.

Current Status (3/11/88)

The first series of COHMED workshops was held in March and April 1986, and the second series of COHMED workshops was held in March 1987. Similar workshops for nuclear transportation were held (in conjunction with DOE, NRC, and FEMA) in early 1987 with the first and second workshops in Boise, Idaho and Santa Fe, New Mexico. These workshops are designed to develop a coordinated and cooperative effort among state, Indian and Federal agencies invovled in the transportation of radioactive materials. A draft judiciary handbook, developed by the State of Utah, has been received and is currently being reviewed.

During FY 1988, COHMED workshops have been held in Tampa, Florida, and Phoenix, Arizona during January and February, respectively. Future workshops are planned for Osage Beach, Missouri in April and in the New England area in June. One of the products of the COHMED program has been the collection of data to determine the level of state enforcement activity, the range of agencies involved in enforcement, and the types of penalty actions used for non-compliance. During the workshops attendees are given an opportunity to review the data for accuracy and are given recommendations for the areas in which their programs may be improved.

Inspection guides for hazardous waste shipments and spent nuclear fuel shipments are scheduled for publication this summer.

Recommendation

II. 4. The Task Force concurs in the intermodal enforcement working group recommendations and further recommends that:

- The intermodal working group should report to the RSPA Administrator on options for improving the completeness and accessibility of modal enforcement data bases. This report should be completed no later than 90 days following the issuance of this report.

- RSPA should prepare procedures which establish coordination guidelines among the modes for hazardous materials enforcement activity. This document should be completed within six months of the issuance date of this report.
- The intermodal working group should compile information regarding modal and RSPA contact points and provide it to each of the public affairs and other relevant offices in the Department.

Response (8/11/86)

The intermodal working group met in mid-April 1986 to discuss these three recommendations. A set of options regarding enforcement data systems is being drafted as a result of the meeting, as well as a draft document establishing coordination guidelines. We anticipate the completion of both documents by the end of August 1986. Points of contact for information dissemination were discussed at the March intermodal coordination meeting and RSPA anticipates both the completion and distribution of a compilation during the summer of 1986.

Status (4/27/87)

The report on improving the completeness and accessibility of the modal enforcement data bases has been completed and options were proposed. RSPA is conducting an assessment of the costs and benefits of these options.

RSPA has prepared a draft document containing guidelines for cooperation among the modes on enforcement. It has been circulated to other modes for review and comment.

A draft contact point document has been developed and is being disseminated.

Status (8/27/87)

The draft cooperative guideline document has been reviewed and commented on by the modes. Disagreement over one of the guidelines between two modes is being resolved by RSPA.

A contact point document was distributed to the public affairs offices in OST and the modal administrations on July 20, 1987.

RSPA's assessment of the costs and benefits of a modal enforcement data base system is being conducted by TSC as part of their comprehensive HMIS review. This review will be completed in late 1988.

Current Status (3/11/88)

Unchanged

Recommendation

II. 5. RSPA should develop a program to ensure the uniformity in training intermodal, modal, and state hazardous materials enforcement personnel.

Response (8/11/86)

RSPA has provided leadership in the training of intermodal, modal and state hazardous materials enforcement personnel. We sponsor six hazardous materials courses at the Transportation Safety Institute (TSI) that reach some 1,200 to 1,800 state and Federal motor carrier inspectors each year. Through TSI, we coordinate with other modes on the content of their hazardous materials training.

RSPA has incorporated a session on training into our COHMED workshops. This session gives DOT the opportunity to describe training and its availability and receive input from the states on policy changes needed to better meet state needs. The state input at the COHMED workshops was extremely valuable and such a session at future COHMED workshops will be permanently incorporated.

However, a review of the effectiveness of these programs is overdue. RSPA has tasked the Director of TSI with a review of the intermodal coordination of the training programs and with an assessment of how best to expand the outreach and effectiveness of our state-oriented training programs. Both reviews are currently underway, and recommendations to the RSPA Administrator are expected by the end of the summer.

Status (4/27/87)

RSPA is expanding and improving its program to ensure uniformity in hazardous materials training.

1. RSPA provides centrally conducted training which, over the years, has trained thousands of enforcement personnel at state and federal levels, as well as industry, in the regulatory requirements for transporting hazardous materials. The program has also trained selected enforcement officials to be trainers who return to their organizations and train enforcement personnel, thus expanding our influence.

2. Periodically, RSPA conducts workshops with key state hazardous materials personnel to assess and resolve problems relating to implementing and maintaining strong, viable hazardous materials programs in all states. This interaction among states, as well as between each state and the Federal level, is designed to advance a strong and uniform program--it is a training effort for both state and federal personnel. One such workshop was conducted July 14-17, 1986, at Oklahoma City where representatives of RSPA, FHWA, and state enforcement agencies, including members of the Commercial Vehicle Safety Alliance (CVSA), met to review the training needed to support states in developing their enforcement staffs. Another workshop was held October 1986, at Bar Harbor, Maine, at the CVSA Annual Meeting, with representatives from the states, Canada, industry, FHWA, and RSPA, to continue the development of uniform inspection procedures and training. Another workshop was conducted with the states and CVSA in March 1987 to continue exchange of information and provide support in advancing uniform HM programs throughout the states.

3. More recently, there has been increased coordination and cooperation with CVSA to promote a national uniform vehicle safety program, as well as uniformity between the United States and Canada. Major parts of this program effort have been devoted to establishing uniformity in inspection procedures and standards and uniformity in training programs, to ensure that requirements of one state are compatible with those of other states and the Canadian Provinces.

4. Our review of the effectiveness of the TSI training program in hazardous materials has been completed. Based on the findings of the review, RSPA will: provide more guidance to states in selecting candidates for attending TSI; adjust and redesign training, as appropriate, to provide more job-like experience; and provide guidance for followup on-the-job training.

5. A program is being initiated to expand the nature of the training program to provide for a systematic increase in state HM inspection capabilities. This program will assess performance levels of state inspectors/investigators necessary to function satisfactorily, develop training programs/cours

es that can be used by the states in various levels and job situations, provide assistance to states in qualifying their staffs to conduct such programs, and monitor and support the training to assure uniformity across the states. The program will include packaged self-contained modules, job aids, "how-to" guidance, and will be designed for use by line supervisors in an on-the-job training situation, individually for one or a small group of tasks, or aggregated and taught as a formal class in a classroom setting.

Status (8/27/87)

The Director of TSI has submitted recommendations on expansion and redirection of our training program which have been presented to the states for review and comment prior to RSPA action.

Current Status (3/11/88)

RSPA is redirecting and expanding our training program through the addition of additional training staff and the development of training packages and modules. These modules will be provided to the states for use in increasing the availability of training for Federal, state, and local enforcement personnel. An additional instructor, due to report in May, has been selected primarily to develop these packages and modules. We plan to complete the development and to distribute basic awareness and compliance modules during the fourth quarter of FY 88. RSPA, FHWA, and the Commerical Vehicle Safety Alliance are jointly developing a nationally uniform training course for state inspectors. This course is scheduled to be completed in May and to be offered immediately thereafter.

Recommendation

II. 6. The Administrators of RSPA and FHWA should reach an agreement that fosters technical assistance and coordination between the two agencies regarding the hazardous materials enforcement portion of the Motor Carrier Safety Assistance Program, which assures that adequate funding will be focused on hazardous materials enforcement by states in the MCSAP program.

Response (8/11/86)

An understanding has been reached between the Administrators of RSPA and FHWA which assures that there will be increased emphasis on hazardous materials enforcement by states in the Motor Carrier Safety Assistance Program (MCSAP). This is reflected in Bureau of Motor Carrier Safety (BMCS) guidance to field organizations and to participating states. Under RSPA's State Hazardous Materials Enforcement Development (SHMED) program, many states developed hazardous materials programs. The SHMED program was terminated in FY 1986 because it was agreed that MCSAP funds would be used for hazardous materials enforcement development. RSPA is included in the MCSAP planning and coordination process. This will assure state hazardous materials transportation enforcement adequate funding and priority. BMCS has agreed that as states submit plans to FHWA for MCSAP funding, RSPA will assist in the review process both at the technical review level and at the final programmatic level.

RSPA and BMCS recently co-sponsored the first series of annual regional workshops that provided both Federal and state officials responsible for hazardous materials transportation with a mechanism to address hazardous materials issues and to identify solutions to training, inspection, enforcement, information exchange, and emergency response problems. Through these workshops, as well as other processes, the problems and constraints are identified and resolved to assure that an adequate portion of MCSAP funds is allocated to hazardous materials.

In addition, monthly coordinating meetings between RSPA staff and FHWA staff are being instituted to assure additional cooperation between the two modes.

Status (4/27/87)

In FY 87, RSPA assisted in the review process of three developmental and 47 implementation state grants for MCSAP funding. The review by RSPA was conducted both at the technical review level and at the final programmatic level.

The first Federal/state Cooperative Hazardous Materials Enforcement Development (COHMED) workshop provided the basis for coordination and cooperation among the Federal and state agencies which have regulatory and enforcement responsibilities for assuring the safe transportation of hazardous materials. These workshops identified a number of issues, concerns, and recommendations to be addressed and actions to be taken. One particular issue that RSPA acted on as a result of these meetings was the development and implementation of a central clearinghouse information exchange, a toll-free telephone number, "800" PLAN FOR. This toll-free number provides state and local emergency personnel information regarding prevention of, preparation for, and mitigation of hazardous materials emergencies.

The success of the first series of workshops led to the continuance of annual COHMED regional workshops, with the second series of workshops held in March 1987.

Status (8/27/87)

Another COHMED meeting, involving coordinators from the regions and the national chair and co-chair, was held in Washington, D.C., August 24 - 27, 1987. The meeting provided new initiatives for the solution of problems in the areas of training, enforcement and emergency response. The RSPA participated in and cooperated with FHWA and the state and regional MCSAP workshops to address the states' needs in hazardous materials enforcement by highway mode.

Current Status (3/11/88)

On March 18, 1988, the FHWA's Office of Motor Carriers (OMC), pursuant to a review by RSPA of state hazardous materials enforcement activity under MCSAP, directed a memorandum to their field staff advising of apparent deficiences in levels of enforcement of the hazardous materials regulations. Those deficiencies must be corrected or explained by identifying other sources of funding and staffing in the State Enforcement Plan required of the states in requesting grant allocations under MCSAP. Those states which do not adequately enforce the regulations will be targeted for improvement. This memorandum formalizes the existing cooperation between RSPA and OMC and indicates a firm commitment on the part of OMC to the enforcement of the hazardous materials regulations.

III. EMERGENCY RESPONSE

Recommendation

III. 1. RSPA should participate in efforts with other Federal agencies to consolidate Federal guidance in the area of emergency response.

Response (8/11/86)

RSPA is working toward this end in its participation on the National Response Team (NRT) (composed of 13 government agencies involved in hazardous materials cleanup after an accident); by co-sponsoring with FEMA and EPA emergency response workshops for the states; in joint development with FEMA and EPA of emergency response planning guides for communities; and in the republication and distribution of the Emergency Response Guidebook (ERG).

Furthermore, RSPA has initiated discussions with FEMA and EPA to draft a Memorandum of Understanding in order to define hazardous materials transportation emergency response roles and procedures.

Status (4/27/87)

DOT, FEMA, and EPA have completed a joint analysis and report, "Hazardous Materials Emergency Response--A Staff Report on Roles and Responsibilities," which identifies and acknowledges the roles and relationships of these agencies in emergency response. The report was completed in November 1986 and accepted by the agencies for guiding further coordination efforts. From this report, a Memorandum of Understanding (MOU) between DOT and FEMA has been executed to define emergency response and preparedness roles and responsibilities involving the transportation of hazardous materials and to establish joint and/or coordinated program efforts in the areas of planning, training, and information development and exchange.

RSPA and FEMA have created a central clearinghouse for hazardous materials emergency response information exchange, accessible by a toll-free number, "800" PLAN FOR. This toll-free number provides state and local emergency personnel information regarding prevention of, preparation for, and mitigation of hazardous materials emergencies.

Under the auspices of the NRT, DOT has, along with other members of the NRT, developed "A Strategy for Hazardous Materials Emergency Preparedness and Response Training," which was accepted by NRT in January 1987. This strategy will be implemented in a coordinated effort by the various participating agencies in the execution of their missions. These agencies include DOT, FEMA, EPA, and others. While recognizing that emergency preparedness and response training is, for the most part, the responsibility of the state and local governments and the private sector, the strategy presents a scheme for the Federal role that builds upon existing resources to create and maintain an active and continuous learning system to assure a capable response community.

Status (8/27/87)

RSPA published an NPRM on August 20, 1987 proposing improved emergency response information in all phases of transportation (e.g., in vehicles and terminals). This effort is being coordinated with the Occupational Health and Safety Administra tion of the Department of Labor.

Development of the 1987 edition of the Emergency Response Guidebook is complete and it will be printed (900,000 copies) before the end of October.

Response to the information clearinghouse has been very positive with usage expanding by approximately 15% per month.

Current Status (3/11/88)

With the cooperation of the states, the 1987 Emergency Response Guidebook has been printed and is being distributed to firefighters, police, and emergency services through a network of state agencies. Using this network, we will be reaching more small town police units, county sheriff departments, and emergency medical units than we have with previous editions.

DOT and FEMA have developed a workplan to support implementation of the MOU on emergency response and preparedness roles and responsibilities. The workplan covers the development of specific training products and information materials, library resources, scenarios for hazardous materials response exercises and other information sharing activities. One of the priority projects will be a series of short videotapes on emergency response for the law enforcement community, which RSPA will develop and FEMA will distribute. Other plans include field development of a FEMA tactical course through the Transportation Safety Institute.

Recommendation

III. 2. •RSPA should continue to make efforts to expedite completion of the joint DOT/FEMA training and planning assistance study requested by Congress in P.L. 98-59.

Response (8/11/86)

The study has been completed and transmitted to the Congress in mid-July 1986.

Status (4/27/87)

Completed and unchanged

Status 8/27/87

RSPA and FEMA have drafted a letter with recommendations for enhanced emergency response activities by the Federal Government. The letter is under review.

Current Status (3/11/88)

Unchanged.

Recommendation

III. 3. RSPA should issue an emergency response policy statement that defines its goals and objectives in the areas of emergency response planning and training, and should continue to increase its efforts and Departmentwide coordination in this area.

Response (8/11/86)

RSPA will issue a policy statement defining its goals and objectives in the areas of emergency response planning and training, and has begun the necessary staff work to accomplish this. Once the policy statement has been issued, RSPA will be better able to coordinate Departmentwide efforts in this area. Furthermore, DOT will enter into a Memorandum of Understanding with FEMA and EPA to define roles and procedures for coordination. Contacts with FEMA and EPA have already been made and necessary staff work has begun.

Status (4/27/87)

RSPA's goals and objectives in the area of emergency response planning and training are in the process of being developed and established. Generally, they stress accident prevention through compliance with standards for safe transportation of hazardous materials, and mitigation of the personal, property, and environmental consequences should an accident occur. The emphasis is on integrated planning efforts directed at preventing and controlling accidents caused by human, equipment, or operational factors.

RSPA's role in emergency response evolves primarily from its role in the development, issuance, and enforcement of standards for the safe transportation of hazardous materials. The broad objectives are to provide leadership and guidance to all areas of the emergency response community as it functions in responding to transportation-related releases of hazardous materials. This includes planning for response, providing informational materials, and developing and delivering training; but does not include direct response to the incident itself. Federal responsibility for direct response rests with EPA, USCG, and other agencies participating in the Regional Response teams operating under the National Contingency Plan.

Status (8/27/87)

RSPA is working on a draft policy statement.

Current Status (3/11/88)

The draft policy statement is being circulated for review.

Recommendation

III. 4. RSPA should include the National Response Center (NRC) telephone number in the Emergency Response Guidebook.

Response (8/11/86)

RSPA will include a reference to the NRC phone number in the Emergency Response Guidebook (ERG), along with an explanation of the prime mission of the NRC, which is to receive discharge notification as required by law. The toll-free CHEMTREC number appears on each response guide in the ERG.

Status (4/27/87)

The draft 1987 ERG is undergoing final review and will be published during July 1987.

Status (8/27/87)

The 1987 ERG has been completed and is being sent to the printer.

Current Status (3/11/88)

The 1987 ERG has been distributed.

IV. REGISTRATION

Recommendation

IV. 1. RSPA should conduct a pilot study of a limited registration program utilizing existing data bases and information collection systems as much as possible.

Response (8/11/86)

RSPA will conduct such a study as follows:

(1) RSPA will survey all Federal agencies including EPA, BMCS, OSHA, and FRA to assess what data are already being collected, including those contained in existing registration programs;

(2) RSPA will determine how it can best access this data; and

(3) RSPA will determine what additional data may be necessary to improve our regulatory and enforcement program.

(4) RSPA will implement a limited registration program.

Preliminary staff work in preparation for surveying Federal agencies has already begun. In light of existing priorities in the hazardous materials program, the major portion of this project will be undertaken in FY 87.

Status (4/27/87)

The survey of existing data bases and other information sources has been completed, and the analytical portion of the project is being implemented. The analytical portion of the project is necessary for defining the scope and content of a limited registration program.

A draft of the study has been completed, and is undergoing internal RSPA review at this time. It is anticipated that this document will provide the basis for an ANPRM on the subject of a limited registration program.

Status 8/27/87

The study, approved by RSPA's Office of Hazardous Materials Transportation, finds that a limited information collection program is cost-justifiable and that the focus should be on major shippers. The RSPA Administrator is discussing the study and implementation plans with OHMT, the Chief Counsel and others. It is important that any plan consider not only registration of shippers but also registration of carriers who may or may not be subject to the "permitting" requirements of DOT's hazardous materials bill. The study and RSPA's recommendations on registration should be completed by October 1, 1987.

Current Status (3/11/88)

On July 29, 1987, RSPA transmitted a legislative proposal as part of the reauthorization of the HMTA to establish a "permit" system for certain high-risk highway carriers. Further, RSPA has been working with FHWA to "register" motor carriers of placarded materials. The final rule to implement this registration is currently being reviewed by the Office of Management and Budget. RSPA has completed a study on registration of shippers and has determined that it may be cost/beneficial to register the largest shippers of certain hazardous materials. RSPA will now begin drafting a proposal for consideration.

V. DATA BASE

As part of its open rulemaking on incident reporting requirements (Docket HM-36B), RSPA has been examining in depth the incident data base with respect to its existing content, the appropriateness of the data collected relative to the program needs, and the logic of the questions asked. RSPA will conduct an assessment of how the data base, itself, has been used in areas such as: the identification of safety problems, support for rulemaking projects, routine report generation, and management determination of priorities. Because of existing priorities and resources, this assessment will not be initiated until FY 87. (8/11/86)

Recommendation

V. 1. RSPA should develop guidance for use by data entry personnel on how to prepare and enter data into the data base and should expedite its rulemaking regarding improvement of the incident reporting form.

Response (8/11/86)

RSPA is working towards full implementation of this recommendation. RSPA and contractor data entry staff consult daily to assure that operational guidelines for Hazardous Materials Information System (HMIS) maintenance and use are consistently applied. Ambiguities in policy and application to particular incidents are resolved directly with RSPA staff.

The nature and amount of information collected on hazardous materials incidents are being assessed as part of the Docket HM-36B review process, and a new draft report form is currently undergoing internal review. Also, as a part of the process, a review of the amount of collected data which should be entered into the data base is being undertaken. RSPA agrees that all package failure codes should be entered, and this change will be implemented along with the changes in reporting requirements under HM-36B. RSPA has been entering narrative descriptions for serious incidents (involving death, injury, or evacuations) since 1985; however, a decision to extend this to all incidents is awaiting a review of the costs and benefits of such a major data base expansion.

A more formal issuance of guidance and manuals for data entry personnel will be pursued upon completion of Docket HM-36B.

Status (4/27/87)

Implementation of this recommendation is well underway. The NPRM for HM-36B was published in March. The proposed rulemaking clarifies and expands the information collected on incident causation and consequences, and extends the reporting requirement to include incidents involving evacuations and/or the closure of major transportation arteries.

A draft data entry guidance manual has been prepared and is being reviewed. Further action on this document awaits completion of two significant HMIS actions: installation of new computer equipment at the Transportation Systems Center (TSC), and issuance of the final rule for HM-36B. The VAX computer was released for use in April and our data bases are now being integrated. Changes in data entry procedures necessitated by these actions will be included in the draft document as soon as possible thereafter. Full implementation of this recommendation can be completed with existing OHMT personnel and resources.

Status (8/27/87)

Public comments on HM-36B are now being reviewed and a Final Rule will be prepared.

All major HMIS data bases have been converted to the VAX computer, and revision of the draft documentation to reflect these changes will begin during FY 88.

Current Status (3/11/88)

The Final rule for HM-36B is scheduled to be published in late Spring.

A revision of the draft documentation has begun.

Recommendation

V. 2. RSPA should make better use of the existing data base to support management decisions, policy development, rulemaking, and enforcement efforts.

Response (8/11/86)

RSPA agrees with this recommendation and will seek to improve reliance on the data base, especially in establishing priorities for rulemaking and policy development. A systematic review of the management of the data base (similar to the one just completed in the Office of Pipeline Safety) will be undertaken in FY 87 when resources will be made available for such a study.

The system is currently used in support of program planning and rulemaking. Recent analytic studies based in whole or in part on the HMIS include:

- An evaluation of the safety performance of rail tank cars.
- A Cost-Benefit analysis of Dockets HM-174, HM-175; retrofitting of rail tank cars with head shields, shelf couplers, and thermal insulation.

- A safety profile of the liquid gas transportation industry.
- A Secretarial regulatory review analysis of 49 CFR 171.16: Alternatives to detailed hazardous materials incident reports.
- An analysis for Docket HM-36B: Changing current incident reporting criteria and report form.
- A Cost-Benefit analysis for Docket HM-145E: Incorporating EPA hazardous substances and associated reportable quantity designations into the Hazardous Materials Regulations.
- A Cost-Benefit analysis for Docket HM-181: Performance Standards for small packagings.

The system is also used by other agencies and by the states. Recent EPA studies include:

- A comparison of risks from land-based and ocean-based incineration.
- A regulatory impact analysis of reportable quantity adjustments under sections 102 and 103 of CERCLA.

Status (4/27/87)

In addition to studies performed by OHMT staff, the major portion of OHMT's Analysis budget is allocated to the Transportation Systems Center (TSC) to provide technical analytical support. Much of this work is dependent on HMIS and other data sources, including the ongoing studies on rail and truck transport and on commodity flow. OHMT's FY 88 budget request proposed an increase of $30,000 to $390,000 to fund this program.

As resources become available in future years, we hope to conduct additional work on combining commodity flow and incident data to assess incident rates, and on hazardous materials routing studies for all hazardous materials, including high-level radioactive waste. OHMT has also initiated action to hire an analyst to increase the staff effort in this area. Three additional personnel have been requested in the FY 88 budget package to further expand these and other data base-related efforts.

Beyond the improvements underway or already identified, RSPA has begun a comprehensive assessment of HMIS use. The study will take 12-18 months to complete, and may require additional implementation resources following completion. We are currently in the process of identifying funding sources for data base enhancements in addition to those already planned.

Status (8/27/87)

Unchanged

Current Status (3/11/88)

RSPA received significant additional FY 88 resources, which recently became available, to enhance the development and use of the HMIS. Additional contractor support staff have been hired and a new Federal staff member has been recruited.

The comprehensive HMIS assessment is underway, with an expected completion date in 1988.

Recommendation

V. 3. RSPA should ensure that regular data base reports are generated that clearly identify major areas of hazardous materials activity, trends, and other areas of concern.

Response (8/11/86)

The RSPA Administrator will request that data management personnel prepare periodic reports on a statistically significant basis so that accident trends can be identified and resources can be directed toward identifying, correcting, or ameliorating problems that have been identified through these reports.

Status (4/27/87)

OHMT staff has identified two additional annual statistical profiles of hazmat incidents which would increase the utility of the data base.

- Augmented annual incident statistical profile of incidents by cause, commodity, and container to augment the modal breakdown currently provided in the Annual Report. This will be prepared for the CY 86 Annual Report. The estimated annual cost of $10,000 will be accommodated within existing resources.
- Comprehensive State statistical profile, to provide and publish similar state-by-state data. Funds to prepare this report (estimated $40,000) have been requested for FY 88.

We expect that other analyses will be identified during implementation of the task force recommendations and as a result of the TSC or similar studies.

Status (8/27/87)

Unchanged

Current Status (3/11/88)

Additional summary data are being prepared in conjunction with preparation of the 1987 Annual Report. The new HMIS staff position will be concentrating on the analytical aspects of HMIS use.

Recommendation

V. 4. RSPA should promote availability of the Hazardous Materials Information Management System (HMIMS) and develop a comprehensive users guide.

Response (8/11/87)

RSPA agrees with the recommendation. RSPA agrees that the current users' guides, manuals and handouts need improvement. We plan to revise this material following completion of the computer equipment replacement currently underway, which will also necessitate revision of the documentation. Since 1982, 80 individuals representing DOT, other Federal agencies, and the states have been trained in HMIS use by RSPA, and numerous other informal training sessions have been held. Currently, 30 states and Federal agencies, other than RSPA, have free access to the HMIS. In 1985, 80 requests for information from HMIS were provided without charge to Federal agencies and state and local governments. RSPA will continue to promote availability.

Status (4/27/87)

RSPA has made the HMIS available to outside users for some time, and many have taken advantage of this capability. A major impediment to even further use has been the complexity of the system. This complexity is necessary to meet the needs of the professional, full-time users (primarily RSPA and contractor personnel), but acts as an impediment to occasional users. In an attempt to remedy this problem, we have been developing a series of user-friendly, menu-based programs to lead users to the information they require. (In a menu system, the user interacts with the data base by answering a series of English language questions, rather than by learning the data base language.) This effort began with a pilot demonstration program for the SHMED states, encompassing incidents (including telephonics), enforcement, and radioactive materials routing. As part of each menu program, we are also standardizing and error checking the associated data bases.

In FY 86, a new menu program was developed for Exemptions. Future projects under this effort, to be completed as resources become available, include:

- Exemption cleanup and microfilm.
- Interpretations menu and data base cleanup.
- Radioactive materials (RAM) routing data entry, menu and data base cleanup.
- Incident menu program.
- Incident data base cleanup.

This is a multiyear effort, and funds to begin this effort have been requested in the Department's FY 88 budget submission.

A comprehensive instruction manual to update and expand the current instruction handouts will also be prepared, but will be deferred until priority equipment and data base improvements are completed.

Status (8/27/87)

Unchanged

Current Status (3/11/88)

Concurrent with the addition of a new HMIS staff position, one current staff member will be devoted to training and support for outside users. The additional contractor staff are being deployed to prepare documentation and to develop new interactive systems. The interpretation effort is nearly complete.

Recommendation

V. 5. RSPA should coordinate the HMIS with other systems where shared data could be of benefit.

Response (8/11/86)

RSPA agrees with this recommendation and will expand its efforts to coordinate the HMIS with other data systems. Currently, RSPA provides mutual access to the BMCS system, to the National Transportation Safety Board's (NTSB) safety recommendations data base, and to the Federal Railroad Administration's (FRA) accident reporting system. Efforts are underway to incorporate HMIS as an integral part of the SAFETYNET system being developed by BMCS under MCSAP. DOT and EPA currently share RSPA's telephonics data bases which are collected for RSPA by the Coast Guard.

Status (4/27/87)

A number of actions are underway or are being evaluated to meet the intent of this recommendation.

- The joint RSPA/EPA/USCG effort to merge telephonic spill data in a single data base has been essentially completed, awaiting only final installation of the new computer equipment. No additional funding is required.

- The intermodal enforcement working group has reported to the Administrator on various options for sharing enforcement data. Due to the complexity of this effort, the committee proposed a feasibility study before proceeding further. The estimated cost of the feasibility study is $65,000, which has been requested in the FY 88 budget.

Status (8/27/87)

The feasibility study on merging enforcement data bases will be accomplished as part of the comprehensive study of the HMIS being undertaken by TSC. This 18 month study will also examine the feasibility and utility of merging the HMIS data with data from the modal reporting systems, and of making the HMIS data accessible via SAFETYNET.

Current Status (3/11/88)

The joint RSPA/EPA/USCG telephonic system is in place, and discussions are underway to expand its scope. RSPA and FHWA have resumed discussions aimed at forming closer links between the HMIS and the OMC truck accident data base.

AIR SHIPMENTS OF HAZARDOUS MATERIALS

SENATOR LAUTENBERG: According to your testimony last year, there has been a "substantial upswing in aviation airport inspection of cargo facilities in the last several years..."

However, your same testimony also shows that the total work-years of FAA hazardous materials inspections:

-- Dropped drastically from a high of 90 work-years in 1980 to a low of 8.2 in 1982.
-- Increased by only 1/2 work-year from 14.1 in 1983 to 14.6 in 1985.

Where is the so-called "substantial upswing" you talked about?

ANSWER: There are two reasons for this apparent inconsistency. First of all, when the Director of RSPA's Office of Hazardous Materials Transportation spoke of a "substantial upswing in aviation airport inspection of cargo facilities in the last several years", he was speaking in 1987 of the recent past. Now that the data has been compiled for 1987, it is possible to quantify his assertion. In 1987 the total work-years for FAA hazardous materials inspectors (17.5) represented a 24% increase over the 1983 level of 14.1. Secondly, the work-year statistics which RSPA provided for the record contained two errors which both appear as anomalies in the FAA data. The 1980 figure for FAA (reflected in the 1980 Department total) was 19 rather than the 90 shown. And the 1982 figure for FAA should have been shown as 18.9, rather than the preliminary report 8.2 which was inadvertently allowed to stand.

SENATOR LAUTENBERG: What is the extent of hazardous materials shipments by air transportation?

ANSWER: It has been reported that between one and two percent of the cargo shipped by air is hazardous materials. Present figures available to the FAA indicate about 108,000 tons of hazardous materials transported by air each year. The major portion of this tonnage is transported on all-cargo flights. Dry ice and radioactive pharmaceuticals used in medical treatment represent the greatest percentage of hazardous materials being transported by passenger aircraft.

SENATOR LAUTENBERG: According to last year's testimony, FAA has only 11 persons assigned full time to hazardous air cargo inspections. Other FAA inspectors spent only about 3 percent of their time in such inspections. What kinds of serious violations of regulations governing air shipments of hazardous materials are being found by FAA inspectors?

ANSWER: The following are the types of violations being found by FAA inspectors:

- Hazardous materials improperly packaged -- using nonspecification outside/inside packaging.
- Improperly marked packages -- no proper shipping name or wrong shipping name; no UN number; not marked "This End Up" for liquids.
- Improperly labeled packages -- no label, wrong label, no "Cargo Aircraft Only" label.
- Exceeding the quantity limitations per package for passenger or cargo aircraft.

- Shipping papers improperly prepared -- wrong shipping name, classification, UN number, quantity per package, and/or certification for passenger or cargo aircraft.
- Accepting and transporting hazardous materials by air when a shipment is not prepared in accordance with the regulations -- improper shipping papers, and improperly marked and labeled packages.

GPS ANALYSIS AND INTEGRATION

SENATOR LAUTENBERG: Last year you requested $50,000 for GPS analysis work and your justification stated that most of the analysis would be completed in fiscal year 1988. However, this year you are requesting $100,000 for GPS analysis. Why is the analysis work going to be substantially more costly in fiscal year 1989?

ANSWER: The increase in fiscal year 1989 reflects the fact that the Standard Positioning Service will be degraded by the implementation of selective availability (SA) for the first time in fiscal year 1989. DOD has also formulated a policy to withhold certain GPS information for reasons of national security. Thus the following areas need analysis: Impact of certain GPS operational information not being available to the public and impact of SA on civilian GPS receiver performance, complexity and cost. Also, an analysis of civilian access to the precise positioning service must be done.

SENATOR LAUTENBERG: When will the GPS Block II satellites be placed in orbit with selective availability turned on?

ANSWER: The first launch of a Block II satellite is scheduled for October 1988 and the full constellation of 21 satellites should be in orbit in 1991. Selective availability will be turned on when the first Block II satellite is placed in orbit.

SENATOR LAUTENBERG: Last year your budget request showed a $100,000 decrease from fiscal year 1987 for GPS integration. You stated that the decrease reflected the winding down of developmental efforts. But this year you are requesting $156,000 for GPS integration. How did the $56,000 reduction in integration funding in fiscal year 1988 affect the work in fiscal year 1988?

ANSWER: A small-scale interim GPS information service to meet the needs of initial GPS users was not established and the planning effort to estimate user population and determine requirements for a detailed Civilian GPS Service were deferred.

SENATOR LAUTENBERG: If the development effort was winding down last year, why is the fiscal year 1989 request for $156,000?

ANSWER: The Civilian GPS Service, planning and development effort must proceed to meet the fiscal year 1991 GPS operational date. This effort was delayed due to delays in the GPS program resulting from the Space Shuttle accident and non-availability of alternate launch vehicles.

SENATOR LAUTENBERG: Why is RSPA requesting funds to "implement an operational civil interface with GPS"?

ANSWER: The funding request will support a planning and development effort. Establishment of an operational Civilian GPS Service interface service is a joint DOD/DOT effort. Request for operational funding for the Civilian GPS Service will be made in fiscal year 1990 and beyond. In response to a DOD request, DOT agreed to establish and operate a Civilian GPS Service.

SENATOR LAUTENBERG: What will constitute the completion of RSPA's research and development role?

ANSWER: RSPA's research and development role relative to GPS integration will continue until a decision on a radionavigational systems mix for the GPS era is made. Multi-modal Radionavigation planning will continue to be required, especially for coordinating the biennial publication of the Federal Radionavigation Plan.

QUESTIONS SUBMITTED BY SENATOR D'AMATO

SENATOR D'AMATO: What are your plans with respect to state pipeline safety grants for FY 1989?

ANSWER: RSPA plans to allocate the pipeline safety grant funds using the same methodology as was used in FY 1987 and FY 1988. RSPA has proposed that $4,750,000 be appropriated for the state pipeline safety grant-in-aid program in FY 1989. RSPA plans on allocating $4,512,500 to the state gas pipeline safety program and $237,500 to the hazardous liquid pipeline safety program.

SENATOR D'AMATO: Please explain how the pipeline safety program operates?

ANSWER: The Office of Pipeline Safety (OPS) carries out the following functions:

- Performs pipeline safety inspections of pipeline operators subject to direct federal inspection and initiates enforcement proceedings when pipeline safety violations are found. Investigates citizen complaints and pipeline accidents and takes enforcement actions, including civil penalties, compliance orders, hazardous facility orders, and warning letters.
- Manages grants to states participating in the natural gas and hazardous liquid pipeline safety program.
- Evaluates each state pipeline safety program annually to verify that it is meeting all terms of certification or agreement. Each certified state program is evaluated to ensure that all pipeline safety regulations are being enforced. States which only perform inspections as agents are evaluated to ensure that violations are forwarded to OPS for enforcement.

- Develops and issues regulations for the safe transportation of natural gas, including associated liquefied natural gas (LNG) facilities, and of hazardous liquids by pipeline. Regulatory programs are designed to assure safety in the design, construction, testing, operations, and maintenance of pipeline facilities, and in the siting, construction, operation, and maintenance of new LNG facilities.
- Collects, compiles, and analyzes pipeline safety and operating data, and conducts training programs for government and industry personnel in the application of the pipeline safety regulations.
- Conducts a pipeline safety technology program with emphasis on applied research. The program delivers solid analytical methodologies and state-of-the-art technology that support regulatory decision making, ensure the integrity of enforcement activities, and provide the foundation necessary for the natural gas and hazardous liquid pipeline safety programs.
- Administers the assessment and collection of pipeline safety user fees.
- In conjunction with the Transportation Safety Institute, develops and implements a pipeline safety training program for State and Federal pipeline safety personnel and pipeline industry personnel.

SENATOR D'AMATO: What new initiatives are planned for the Office of Hazardous Materials Transportation? What kind of efforts will you make to involve states in decisions in this important area.

ANSWER: In FY 1989 RSPA's Office of Hazardous Materials Transportation (OHMT) plans to focus its new initiatives on enhancing the federal/state partnership in hazardous materials transportation safety.

In the area of rulemaking, OHMT is proposing to develop uniform national standards for use by state/local governments in designating highway routes for the transportation of certain higher risk hazardous materials. Adoption of such standards would codify OHMT's longstanding policy on highway routing, i.e., that states and local governments are free to designate highway routes for hazardous materials so long as those routes are chosen through a process that considers overall safety and involves substantive consultation with other affected jurisdictions.

In FY 1989, OHMT also plans to initiate a Hazardous Materials Specialist Program under which selected state personnel could spend brief tours of duty with OHMT. They would be expected to participate in administering the federal hazardous materials safety program, recommend methods for improving federal/state relationships, and return to their own organizations with a greater familiarity with the intricacies of the federal system, a greater knowledge of available programs, and an enhanced ability to manage their state programs effectively. The cross-fertilization of ideas possible through the Hazardous Materials Specialist Program is expected to enhance federal/state cooperation by increasing awareness of the limitations and opportunities present at both levels of government.

RSPA also plans to continue its participation in the Commercial Vehicle Safety Alliance (CVSA) and sponsorship of the Cooperative Hazardous Materials Enforcement Development (COHMED) Program. This invaluable network of relationships has enhanced program effectiveness at both the Federal and the state level. States have gained hitherto unparalleled opportunities to participate in the development of hazardous materials transportation policy; and RSPA has gained a matchless source of real-world feedback on its regulations and regulatory programs.

QUESTION SUBMITTED BY SENATOR COCHRAN

SENATOR COCHRAN: Ms. Douglass, I want to thank you and the Office of Pipeline Safety (OPS) for participating in a Safety Review Task Force I formed last year to determine safety oversight responsibilities for gas storage facilities in Mississippi.

As you will recall, the task force was organized following your preliminary investigation of a gas explosion in Petal, Mississippi, and found that clarification was needed to determine divisions of responsibility for safety inspections and enforcement.

The task force, composed of representatives from OPS and the three state agencies that monitor gas pipelines and underground storage facilities, met with local officials and gas company representatives on April 30, 1987, to begin work in defining these responsibilities.

It is my understanding that clearer lines of responsibility have been defined and that coordination among the inspecting agencies has improved as a result of this effort. The Mayor of Petal reports to me that the city's participation in periodic tours of the gas storage facilities and receipt of quarterly inspection reports from enforcement agencies is providing citizens with more assurances that proper safety measures are being taken and enforced.

To the extent that the OPS has participated and assisted in this effort, I would appreciate having a report on your assessment of the task force's accomplishments and any recommendations for follow-up actions that should be taken.

ANSWER: The April 30, 1987, meeting in Petal, Mississippi, served to establish clear lines of regulatory responsibility for each facility and to ensure coordination among the inspecting agencies. It was determined that OPS has jurisdiction over interstate pipelines, including the Dixie terminal. Under a 205(b) agreement, the Mississippi Public Service Commission has jurisdiction over one intrastate line between two terminals. The Mississippi Fire Marshal has jurisdiction over aboveground storage and all piping associated with terminals, and the Mississippi Oil and Gas Board has jurisdiction over underground storage wells. The Southern Region Office for OPS will continue to inspect the interstate pipelines (including the Dixie storage facility) subject to federal jurisdiction and will continue to cooperate with all local and state officials on any safety issue that may arise. RSPA believes that the actions taken to date by the regulatory officials assure the public safety. RSPA is not aware of any follow-up actions needed at this time.

SUBCOMMITTEE RECESS

Senator HARKIN. Anything else? If not, the subcommittee will stand adjourned until March 24 when we will take up the budget request of the Federal Railroad Administration and the National Railroad Passenger Corporation. Thank you.

[Whereupon, at 12 noon, Thursday, March 17, the subcommittee was recessed, to reconvene at 10 a.m., Thursday, March 24.]

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1989

THURSDAY, MARCH 24, 1988

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:10 a.m., in room SD–138, Dirksen Senate Office Building, Hon. Frank R. Lautenberg (chairman) presiding.

Present: Senators Lautenberg, Weicker, D'Amato, and Harkin.

NATIONAL RAILROAD PASSENGER CORPORATION (AMTRAK)

STATEMENT OF W. GRAHAM CLAYTOR, JR., PRESIDENT AND CHAIRMAN OF THE BOARD

ACCOMPANIED BY:
- CHARLES HAYWARD, VICE PRESIDENT, FINANCE
- TIM GILLESPIE, ASSISTANT VICE PRESIDENT, GOVERNMENT AND PUBLIC AFFAIRS
- WILLIAM S. NORMAN, EXECUTIVE VICE PRESIDENT
- DENNIS SULLIVAN, VICE PRESIDENT, OPERATION AND MAINTENANCE

OPENING REMARKS OF SENATOR LAUTENBERG

Senator LAUTENBERG. I call the meeting of the Subcommittee on Transportation of the Appropriations Committee to order.

Today we welcome our distinguished witness, John Riley, the Administrator of the Federal Railroad Administration. I think we all know what is in the administration's budget for fiscal year 1989 is very simply, not enough. It is apparent that this administration doesn't believe in intercity rail passenger service and assistance to the many small branch lines that are being created as large carriers dump their less profitable lines.

In addition, there are no funds for safety improvements to the Northeast corridor or for an increase in the federal safety inspector work force. Despite the findings of FRA's own safety system audits that discovered widespread under-reporting of accidents and incidents in carrier safety reports, there is no initiative in this budget to do anything about it. And despite much talk about increasing the maximum fines on railroads that commit safety violations, the FRA continues to operate in the world of negotiated settlements that are less than the minimum.

I am confident that John Riley will do his best to paint a bright picture, and I look forward to that because we do need some optimism out there. I truly hope that things are better than they appear to be.

Following Mr. Riley, we will hear from Graham Claytor of Amtrak. I don't want to dwell on the zero funding option any more than we have to. We are not going to permit that to happen if there is anything we can do about that. To Mr. Riley's credit, the FRA did request over $400 million for Amtrak in 1989, but the idealogues at OMB, with their usual balanced approach reduced that request to zero, a nice round number.

Even the report on the President's Commission on Privatization recommended a multiyear plan of incrementally reduced subsidies for Amtrak. Maybe OMB ought to read that report.

Anyway, it is always a pleasure to see Mr. Claytor as well and to welcome him here, as well as Mr. Riley. I would ask my distinguished colleague from Connecticut, Senator Weicker, if he would like to make a statement.

STATEMENT OF HON. LOWELL P. WEICKER, JR., U.S. SENATOR FROM CONNECTICUT

Senator WEICKER. Thank you very much, Mr. Chairman. I associate myself with all your remarks. Unfortunately, I have to leave here at 10:30, so I did want an opportunity just to speak for a few minutes to address the budget that has been presented to us.

Either there are those around here that have very short memories, or there are those that were too young to have encountered the situations that occurred in the mid and late 1960's, or there are those that just choose to ignore history. But I have to remind both the panel and those that are listening that in 1963, when I was elected to my first position as a state representative in Connecticut, we spent the next 2 years creating the Connecticut Transportation Authority, what is now Metro North, because the New Haven Railroad went bankrupt. And we in Connecticut, and in New Jersey and in New York, were confronted with an immediate cessation of service.

So, let me make it clear that insofar as this Senator is concerned, I am not about ready to hear about the privatization of either the commuter lines or Amtrak when, indeed, the private entities that railroaded in the United States in the 1960's went ahead and paid out all of their capital to their stockholders and left the taxpayers holding the bag. That Connecticut Transportation Authority Act became law, and lo and behold, I no sooner moved from the state legislature to the Congress as a Representative from Connecticut's 4th District, than we drafted legislation creating Amtrak because passenger rail service was confronted with the same set of circumstances that the commuter lines were confronted with in the metropolitan areas. Now, that is the history of the matter.

We were within days of absolutely no rail service insofar as the commuters of New York, New Jersey, and Connecticut were concerned—within days. We were within weeks of no rail passenger service throughout the United States. And then throughout various administrations, Democratic and Republican, we always got enough for operating subsidies. And then invariably we would hear complaints that Amtrak was having a difficult time and losing money when we gave absolutely no money for capital improvements whatsoever. And so, it was a self-fulfilling prophecy.

I think it is absolutely a miracle that Amtrak is what it is today, and I think it is due to the dedication of a lot of people, some of whom are right here before us. As much has been done as possible with the pittance that Congress has allotted to it. It's the only civilized, economically powerful nation in the world that puts such a small value on passenger rail service.

Now, the difficulty that we are immediately confronted with is the result of the great economics that is practiced in this town, Democrat and Republican, where everybody goes racing around saying no taxes—no taxes. Every presidential candidate right now, Republican and Democrat—says no taxes. They can tell you exactly what is going to happen 4 years out. Every Senate candidate—no taxes. Six years out they can tell you except when all of a sudden you want to have a war on drugs, and then how are you going to pay for it?

Well, I can tell you what the first idea was. The first idea was to take the money from alcohol abuse and mental health to pay for the war on drugs so you wouldn't have to have any new money. Now the idea is to take it from the Coast Guard. That was in the budget last year to take it from the Coast Guard, which is one of the key players in the war on drugs. And since we want to stick to this no new revenue, now we are going to take it from Amtrak and the transportation system so we can give it back to the Coast Guard.

NATIONAL PRIORITIES

I think it is time this nation came to grips with itself, not only set priorities, but as a nation decides it is willing to pay for them. I have never seen such an inane suggestion either in the privatization of either commuter or intercity rail or the concurrent recommendation that money be taken from these entities and given over to the Coast Guard to make up for the mistake that was made in the last budget, to make up for the mistake in the budget before.

So, Mr. Chairman, I just want to repeat the fact that a solid rail transportation system should always be both in the interest of conservation, energy, security, mobility, you name it, one of the priorities of this nation. And we should be willing to pay for it. I think in John Riley, Graham Claytor—God knows we have the talent—and those that work with them—the talent to do the job but you've got to have some money to do it. Now, it is just as simple as that.

And I join with the chairman, and I know the chairman is going to do everything possible not just to see that these aren't eliminated, but indeed that they are going to be adequately funded. And in that, he as a Democrat, I a Republican, 100 percent cooperation between the two of us. And I think it is also significant that even though both of us are up for election, this has been an entirely consistent attitude before we were up for election, and it will be after we are elected.

And with those comments, I look forward to hearing the testimony of those before us. God help anybody if they try to justify what the administration is proposing. [Laughter.]

Senator LAUTENBERG. One thing about Senator Weicker, he is mamby-pamby. He doesn't have any definite opinion about things, as you know. [Laughter.]

But we share, 100 percent, a view on this. He described it as inane, asinine. Call it what you will. I don't know who the buyer would be for a rail service that perforce has to lose money, and no matter what kind of a pledge you might get, that they would keep this rail service going. That would be a philanthropic deed, which most businesses prefer to list as charity.

And I think Senator Weicker's point about the nature of our society—I'm sorry, Senator, that you can't be with us through the complete testimony because one of the things that we will hear is that passenger ridership continues to increase where there is decent service, where there is a decent price, where there is decent safety and reliability factors. People flock, very frankly, to the trains. And your state, like mine, tiny, where people have to move around very rapidly through crowded areas, just can't do it by automobile and by airplane or whatever other means are available other than good, swift rail service.

MEETING THE NEEDS

And I have met with people who are talking about using new technologies in Connecticut. I know that soon Amtrak will be demonstrating its tilt technology. The ride is going to be a lot better. The possibility of interspersing the turbine engine with the electric engine or the electric with the combustion—whatever—diesel—is going to permit faster service because you won't have that interconnect delay. So, we are on the eve of really stepping up to the needs that our rail service system has.

And if one has any further questions about what you do other than rail, just take a look at the schedules for the airlines here. We would have to practically double the amount of flights that took place from the New York-New Jersey area to here if we were to make up for Amtrak's service, if it were discontinued. So, I couldn't agree with you more.

Senator WEICKER. Mr. Chairman, I ask unanimous consent that my questions be submitted to Mr. Riley and to Mr. Claytor for response to the record.

Senator LAUTENBERG. Without objection. At this time, I would also like to include for the record a statement by Senator Harkin.

[The statement follows:]

STATEMENT OF SENATOR TOM HARKIN

Both Amtrak and the Federal Railroad Administration have seen considerable funding reductions under this administration. There has been a philosophical presumption that the federal government has no business being involved in the funding of railroad needs.

I believe that one of the most important steps our nation has undertaken to stimulate our country's economy was the establishment of our first class transportation systems. The federal government provided the incentives, the wealth through grants of land, for the building of our major railroads. It was the 19th century equivalent of the establishment of the Interstate Highway System and it may have been more important.

In recent years, our railroads have seen significant deterioration. The American Association of State Highway and Transportation Officials have identified a need for $1.2 billion in 46 states for branch lines alone under the 803 program. We do not have the federal resources to create a massive program to restore all of the lines that should be saved. S. 2105, the bill that I recently introduced authorizes $35 million for each of the coming 3 fiscal years for that program. That modest sum can help preserve the most useful branch lines with significant traffic loads that would not remain viable without assistance.

Some say that railroads are not a federal responsibility. They say that if a rail line is not profitable it will be abandoned and if it is profitable, it will be maintained. That simply is not true. A railroad may be in such poor financial shape that it does not maintain its lines, allowing them to fall into disrepair and become more costly to use.

Economic systems are not perfect. The value of a branch line to local shippers may be so great that the shippers themselves may want to purchase the line if a railroad chooses to abandon it. But the shippers may not have the resources to put the deal together.

The Local Rail Service Assistance Program really works. It deserves to be continued.

I would also like to note that I am a long-time supporter of Amtrak. In the long term, I believe that rail service will become increasingly important. If we were to abandon the system as the administration desires, we will never be able to redevelop this important mode of intercity travel.

STATEMENT OF W. GRAHAM CLAYTOR

Senator LAUTENBERG. I thought what we would do is call on Graham Claytor first and ask you for your statement. Try to keep it condensed, and we will then ask you some questions.

Mr. CLAYTOR. Thank you very much, Mr. Chairman. It is a great pleasure as always to appear before this distinguished committee. First, I would like to say that on my left I have Mr. Charles Hayward, our Vice President, Finance; and Mr. Tim Gillespie, our Assistant Vice President, Government and Public Affairs; then behind me, is William S. Norman, our Executive Vice President; and Dennis Sullivan, our Vice President, Operation and Maintenance. In case there are any questions that they know more about than I do, I would like to have them help me.

Mr. Chairman, I ask that my prepared statement be included in the record.

Senator LAUTENBERG. Without objection.

Mr. CLAYTOR. I want to note that this statement includes the legislative proposals that we have submitted to our authorization committees which I think are of interest here because they would enable us to reduce our appropriation, if all enacted, by some $80 million. And I therefore submit it to this committee for consideration and interest.

I would also ask that a summary of my testimony on January 29, 1988, before the President's Commission on Privatization be included in the record since the privatization question has been bandied about a good deal. And I think this is the best way to answer it.

Senator LAUTENBERG. Without objection.

[The information follows:]

STATEMENT OF W. GRAHAM CLAYTOR, JR., ON PROPOSED PRIVATIZATION OF AMTRAK

Amtrak has made great strides in improving its service, revenues and costs and, with congressional help, there are significant opportunities for further progress. Amtrak's experience, as well as that of the railroad industry prior to Amtrak's formation, however, makes it plain that rail passenger service cannot under present conditions be operated at a profit. Privatization of an inherently unprofitable operation is, of course, totally impracticable.

The experience of the railroad industry prior to Amtrak's formation in 1971 is certainly relevant to this question. From 1967 to 1977, I served as chief executive officer of Southern Railway System, one of the most successful Class I railroads in this private enterprise industry. It is generally recognized that during this period Southern operated a small but first-class intercity passenger service, led by the "Southern Crescent" between Washington and New Orleans. Although we operated a highly profitable and efficient freight service, I found that it was not possible, in spite of the high quality of our passenger trains, to operate that service at anything approaching a profit. We continued to keep our "Southern Crescent" after Amtrak was formed in 1971 because I felt that under the circumstances which then existed it provided us with public relations benefits commensurate with the losses sustained. The service was discontinued in 1979, however, and the train then turned over to Amtrak, because by that time its losses had grown to a point that could not justify its continued operation. A similar conclusion, of course, had already been reached by the rest of the railroad industry.

In my considered opinion, based on my railroad experience both before and after I joined Amtrak some 5½ years ago, there is no possibility that all or any part of Amtrak's intercity passenger service could be operated today at a profit, and that privatization is therefore totally infeasible. At the same time I feel that there is a genuine public need for this intercity rail passenger service, both in the crowded Northeast corridor and on a nationwide basis.

The notion of providing a needed public service at no cost to the government simply by privatizing it is beguiling and simplistic. The great virtue of purely private enterprise is not a mysterious alchemy that can make inherently unprofitable activities profitable, but rather a ruthlessness that identifies unprofitable portions of the enterprise and terminates them. We can all agree that this discipline imposed by the marketplace is what makes the economy as a whole vital, adaptive, and efficient. It is very different, however, to say that any given activity can be made profitable if managed under purely private auspices. The financial turnaround of Conrail—often cited as a possible model for Amtrak—in fact illustrates the fallacy of this thinking: Conrail's revenues between 1980 and 1985 actually declined (while Amtrak's over the same period increased 46 percent). What made Conrail profitable, in addition to extensive federal capital funding, were wholesale cuts in service, back to a profitable core operation. Given the economics of rail passenger service, where no core of profitability exists, the lesson of Conrail is that privatization would simply mean the elimination of Amtrak service. Under these circumstances, the idea of continuing Amtrak service by means of public stock sales, mergers with private companies, distribution of shares to workers, etc., cannot be taken seriously.

One other point should also be made clear: Amtrak is not in a position to improve its revenues by merely increasing its fares. For some years Amtrak's policy has been to set its fares, including special promotional fares from time to time, at such a level as to produce the most revenue. We are thus seeking maximum revenue, not merely ridership or market share. A particular fare meets this standard if either a fare increase (reducing volume) or a fare decrease (increasing volume) would produce less revenue. This, of course, is more easily stated than accomplished, but after some years of experience, on the basis of a substantial data base and sophisticated analyses, we believe our marketing organization implements this policy effectively.

On the other hand, with continuing progress on our own, and with congressional help in eliminating unnecessary costs and in providing capital with which to obtain needed equipment and complete the modernization of our remaining obsolete facilities, I believe we can at least approach the goal of profitability. If two other events that are beyond our control occur, we might really get there. These are: (1) a substantial increase in the costs of fuel oil, and (2) termination of the substantial indirect subsidies given to the airlines.

(1) Amtrak is plainly the most fuel-efficient form of intercity passenger transportation. Today fuel oil prices are relatively low, and this significantly decreases the relative cost of travel by other modes—particularly air and private automobile. This was made plain by the sudden large increase in intercity rail travelers several years ago when oil prices rose dramatically. It is inevitable, as world oil supplies diminish and demand continues to rise, that fuel oil prices in this country will again rise significantly. The resulting increased cost of automobile and air transportation will both increase the demand for Amtrak's services and enable it to increase its prices to close the gap between revenues and costs.

(2) Amtrak's subsidy is always under attack because it is on the surface and plainly identifiable; air transportation subsidies are no less real but much less visible. For example, in fiscal years 1986 and 1987, some $2.3 billion of general fund money—over and above a relatively small amount from the air passenger tax trust fund—was used for Federal Aviation Administration activities, including importantly the Air Traffic Control System. Amtrak and other railroads have to pay for their own very expensive dispatching and signal systems, while the airlines have theirs provided by the federal government. Other indirect subsidies are found in the tax-free financing of billions of dollars of airports and similar facilities. If the airlines were deprived of all indirect federal subsidies, they would have to raise their fares, and Amtrak could then raise its own fares without losing volume, which again would help close the gap existing between revenues and expenses.

ZERO BUDGET PROPOSAL

Mr. CLAYTOR. Mr. Chairman, this is the fourth time in 4 years that a zero budget has been proposed for Amtrak. It has been considered and rejected by the Congress and by four important committees of the Congress three times in a row. This being the fourth time, I have included as an appendix to my prepared statement an up-to-date analysis of why I think this would not only not save money, but would be a very bad idea. I don't propose to deal with it further in my oral testimony, but I would like to note we have included the answers to most of the arguments that have come up over the last 4 years as an appendix.

Mr. Chairman, I would like to talk briefly about the present status of Amtrak. In 1988, for the first time, we are going to have $1 billion of earned revenue, putting us in the category of the middle of the Fortune 500 industrial companies in size. Over the last 8 years we have made enormous progress in improving both our revenues and our costs, particularly in getting better labor agreements which we have done through negotiation with our unions. And I want to say that the cooperation of our unions has, of course, been a very important part of this.

For example, we have just completed the takeover of all of our train and engine crews nationwide, having previously taken them over only on the Northeast corridor. We have lower wage rates and better work rules than any other major railroad. In fact, our labor agreements that we have achieved over the last 8 years are now saving us about $200 million a year over what we would have had to pay under the original work rule arrangements.

REVENUE-TO-COST RATIO

This and steadily increasing revenues have brought up our revenue-to-cost ratio—what we call our bottom line, which is the proportion of our total operating costs that we cover with our own revenues. It was 48 percent only in 1981. It was 65 percent last year. It is going to be two-thirds, 67 percent, and hopefully better this year. And I am fairly confident we are going to make 70 percent by the end of 1989.

CAPITAL REQUIREMENTS

And I think we can keep going in that direction if we continue to have a reasonable amount of capital, because some of this is due, of course, to improved labor, but a lot of it is due to the return we get on capital in getting rid of the obsolete facilities we inherited, in getting new equipment that is cheaper to operate and produces more revenue. Without capital, we cannot keep this going. With capital, I think we can keep it going, and we may go all the way to profitability. But I am shooting now in the foreseeable future to get this up to around 75 percent. And I don't see why we can't keep going. But we must have capital.

Now, let's look at the government assistance, our appropriation. We had $900 million total appropriated in 1981, $581 million in 1987. We are the only government-supported agency that I know that has been increasing and improving its service every year and is taking less government money every single year. And we hope to keep that progress going too.

Our operating deficit, $676 million in 1981, reduced 37 percent to under $560 million this year. We expect to reduce it a little further in 1989 to perhaps $557 million in spite of the fact that we will have to absorb $67 million more of inflation between now and next year.

But let's look at what has happened to capital. In 1981 we got included in that large appropriation of $900 million some $221 million of capital. We put that to work. It has produced, generally speaking, as much as a 50-percent internal rate of return on those investments. In 1987 we got only $21.3 million of appropriated capital, a reduction of 91 percent in the capital. The most drastic of all is the proposal now to reprogram $12.4 million of previously appropriated capital to something else. That is one of the administration's pending proposals.

That, of course, would wreck such programs as the West Side Connection, which is a fully funded, multiyear program; the refurbishing of Penn Station in New York; fixing up the Long Island Railroad yard; and the Atlantic City, New Jersey operation, which we are doing cooperatively with New Jersey Transit. These are major programs half done. You take that money away and, of course, they won't be finished on time or at cost. I think reprogramming money that is already allotted to these important capital projects is simply madness, and I would hope that that would be totally rejected.

Now, what we are asking for this year. We are asking for an appropriation of $630 million which is the same amount that was authorized, but not appropriated in 1988. This would give us about $72.6 million of capital, which is significantly more than we have had before because this is our greatest need.

BRITISH RAIL

Incidentally, I think we should make note of news reports that British Rail is spending for capital improvements in its rail system £3 billion next year, which is over $5 billion. And that will include electrification, new terminals, new rolling stock. Britain, a small country with a relatively small railroad system is putting £3 billion of new capital in next year. We are asking for $72 million, which would at least keep us going for a year or two and enable us to keep our progress going.

In our testimony, of course, we describe a number of sample capital projects that have internal rates of return of 50 percent or more. And one of the most important, of course, is to go forward with the Sunnyside Yard modernization that we have started. Sunnyside Yard is a disaster area. It was inherited from the Pennsylvania Railroad. It was bad then; it's worse now. We have a long-range program. We do it bit by bit. But we really need to move fast on that. The working conditions are terrible. As a result of that, the efficiency is terrible, the quality of the work done is bad, and that affects our service adversely. And that is a very high priority operation for us.

NORTHEAST CORRIDOR IMPROVEMENT PROJECT

Now, in conclusion, let me mention just two areas other than direct appropriation to Amtrak that are also real important. The Northeast Corridor Improvement Project, of course, was funded many years ago, started many years ago. About $200 million authorized, but never appropriated, is still pending. Each year we ask for a little more of that because important capital projects in the Northeast corridor are desperately needed.

In 1988 we got an appropriation of $27 million for critically needed NECIP capital projects including some work on the Hudson River tunnels. For 1989, we are asking for about the same figure, $30 million more that will enable us to keep going with these critically important projects. Our top priority is for extension of our centralized electronic traffic control system from Wilmington on to New York and related signal modernization because our signal system is obsolete and rapidly wearing out.

CETC EXPANSION

There is another area beside NECIP that this committee should look at. The Urban Mass Transit Administration of the Department of Transportation is under the jurisdiction of this committee. It awarded Maryland Department of Transportation last year 75 percent of a $13 million project to put centralized traffic control on the privately owned CSX Baltimore & Ohio Railroad between Baltimore and Washington and Washington and Brunswick, MD. Maryland DOT runs about 22 daily MARC trains over that route. And 75 percent of the $13 million cost of this CTC was paid for by UMTA, with the B&O paying half (12.5 percent) the remainder and Maryland DOT paying the other half of the remainder.

Now, when we look at what happens in our Northeast corridor, we have completed this modern centralized traffic control system from Washington to just north of Wilmington. We very much need to extend it to New York, basically to Newark. In that area we have got SEPTA, Southeast Pennsylvania Transit, operating over this from Marcus Hook, PA, just north of Wilmington to Trenton. We have New Jersey Transit operating from Trenton to Newark. It is interesting to note that New Jersey Transit operates 228 daily trains each workday; we operate only 86. In the SEPTA portion, 150 trains operate each workday; we operate 87. So, this work on the centralized traffic control is critical for the commuter agencies, even more critical than for us because their traffic volume is so much greater.

Now, we think UMTA ought to look at the priorities for what they allocate and allocate a very substantial amount of money for this project to New Jersey Transit and to SEPTA. We would then split the remaining cost evenly with New Jersey Transit and SEPTA and get the job done. If we don't do it, this is liable to fiddle along for another 10 years. If we had had the CETC system in place, the derailment we had at Chester, PA, not too long ago that resulted from a manpower error, by a tower operator with obsolete equipment would have been avoided——

Senator D'AMATO. With the chairman's indulgence, I would like to——

Mr. CLAYTOR. Yes, sir.

Senator D'AMATO. How long would that project, the SEPTA and New Jersey Transit project, take to complete?

Mr. CLAYTOR. I will ask Mr. Sullivan to answer that. He is working on it very hard right now.

Mr. Sullivan. I would say, Senator, that since we have already got the technology in, it would probably take us around 2 to 3 years to get the system designed and installed in the Northeast corridor. Much of the signal work has already been completed in New Jersey.

Senator D'AMATO. Let me say this. I would hope that the chairman and I, by the conclusion of today's hearings, would have drafted a letter—and I would be delighted and pleased to join with the chairman—to Mr. DelliBovi stating that we would very much appreciate his undertaking this project with the greatest degree of urgency. I look forward to working with the chairman on that because it is absolutely essential. He has spoken to this issue himself, and I think we have got to recognize the extreme urgency of this situation. You have done a great job.

I must be leaving because I have another committee meeting to attend, Mr. Chairman. I just wanted to discuss that point and say that I'm willing and I'm delighted, to have our staffs draft that letter, get it over to Al DelliBovi, and if need be, even call him to have a meeting to impress upon him the urgency of that situation.

Second, Mr. Chairman, I am tired of seeing the administration use the air safety program, which is so important, and our Coast Guard drug interdiction efforts to take away desperately needed revenues from rail and transit capital improvement and safety programs that make so much sense to the nation. These programs should not year after year be in this position. I, along with 35 of our colleagues, have introduced legislation on the antidrug effort which takes away certain jurisdiction over the U.S. Coast Guard from this subcommittee, but I think in the fullness of time will be a lot better.

This legislation, S. 2205, puts the Coast Guard where it belongs, not in the Department of Transportation. And again, I'm on the authorizing committee. I think so many times we get involved in turf battles. But rather than have this continual funding erosion and using that to club us and to club down Amtrak and mass transit, et cetera, I think it is much better to put Coast Guard in another function where it should be which would be Treasury. It really should be in DOD, but they would swallow it up and it would be totally lost there. I say that as an observation.

PREPARED STATEMENT

I would ask that my remarks be included in the record, as if read in their entirety, Mr. Chairman. I commend you for your outspokenness in these areas. And I would ask that some written questions that I have be submitted to the various panelists today for their written response to the subcommittee. I would be deeply appreciative.

[The statement follows:]

STATEMENT OF SENATOR ALFONSE M. D'AMATO

Mr. Chairman, I appreciate this opportunity to welcome Graham Claytor, President of the National Railroad Passenger Corporation (Amtrak), and John Riley, Administrator of the Federal Railroad Administration (FRA). I am interested in hearing the details of their fiscal year 1989 budget requests.

The administration has proposed a budget of $56.6 million for the FRA. This is $4.5 million less than the amount appropriated in fiscal year 1988. It also reflects a decrease of 13 positions. For railroad safety, FRA's budget proposes an increase in the "Federal Enforcement" program of $1.2 million, and three additional positions for field safety supervisors.

I am pleased that FRA's plans for the "Safety Regulation and Program Administration" include funding for oversight of the post-accident drug testing program at the Center for Human Toxicology at the University of Utah. It is important that FRA do everything possible to protect the integrity of drug testing programs.

As we know, the administration budget again zeroes out Amtrak. It also proposes a cut of 51 percent in mass transit. Congress has been asked to shift a portion of those moneys to the Federal Aviation Administration and to Coast Guard to provide them with an increase of $1.2 billion. If this funding scheme was enacted by Congress, it would result in a disproportionate transit cut and a death blow to the nation's passenger rail system.

Air safety and Coast Guard drug interdiction efforts deserve congressional support. Yesterday, I introduced sweeping legislation to provide the funds we really need to fight the war against illegal drugs. It is not realistic to expect Congress to fight a drug war with Amtrak and transit money. It certainly makes for poor transportation planning.

For fiscal year 1988, Congress provided Amtrak with $581 million, a cut of 3.5 percent from the previous year. Amtrak has asked for $630 million in fiscal year 1989 ($557.4 for operations and $72.6 million for capital). Since fiscal year 1981, funding for Amtrak has experienced an overall decline of 35 percent. However, Amtrak's revenues have increasingly covered a larger percentage of its costs, and operating expenses have been reduced wherever possible.

I credit the good management of Mr. Claytor and the cooperation of rail labor in achieving much of this progress. For example, Amtrak's revenue-to-cost ratio has improved by more than 35 percent, from 48 percent in fiscal year 1981 to 65 percent in fiscal year 1987. Last year Amtrak revenues were up 13 percent over 1986 to $973.5 million and are expected to exceed $1 billion during fiscal year 1988.

For many areas of the nation, there are few transportation alternatives to Amtrak. Some 114 communities served by Amtrak have no air service, 98 communities have no direct intercity bus service, and 37 Amtrak-served communities have neither air nor bus service.

Mr. Chairman, I certainly look forward to working with you to provide the funds Amtrak needs to continue to serve the millions of rail passengers who depend on it. I look forward to hearing from today's witnesses.

Thank you, Mr. Chairman.

COAST GUARD AND FAA FUNDING

Senator LAUTENBERG. Thank you very much, Senator D'Amato. We do share a common interest in improving rail service in the area and making sure that it is safe. These are safety questions in addition to reliability questions.

And you're right. We ought not to use the Coast Guard and the FAA crowbar to pry loose funds from projects that are in many ways essential for the survival of our economies and the quality of life in our areas. And it is dirty pool, very frankly, when you point to the highly visible programs and say, OK, we're going to take the money from those because the commuter, et cetera, doesn't see it until one day we see a deterioration in the quality of service. So, I thank you for your comments and your commitment.

Senator D'AMATO. Thank you, Mr. Chairman.

Mr. Chairman, I would be remiss—and I certainly don't mean this as a snub to John Riley or any of the other panelists—but I want to say something about Graham Claytor. I think our other panelists would be first to admit that Graham Claytor has done one incredible, super job. The people of this country, many of whom are dependent upon Amtrak—but it goes well beyond that—are fortunate to have a man of such dedication and perspicacity. He has had to persevere under frustrating conditions, and he has never lost his composure. Graham Claytor has been steadfast in the face of just almost a sea of opposition, it would seem, that comes out of the budget process that is thrust upon him.

Senator LAUTENBERG. Let us say amen.

Mr. CLAYTOR. Could I just comment just once?

Senator D'AMATO. I just want to give you my personal thanks and tribute, Graham.

Mr. CLAYTOR. Thank you. I appreciate it more than I can tell you, but I want to make it very clear that everything we have been able to do at Amtrak has been because we have such an absolutely first-rate management team doing the job. I couldn't have done any of this without the people that are working with me. I had a lot of experience in the railroad business before I got here. I had a good management team on Southern. I thought it was the best in the industry. This is better than that one. This is the best management team I have ever worked with, and I am proud that they are there. And I know that after I'm gone, they can continue with the same degree of success that we have had. And I appreciate what you say. I want it applied to the group, though, not to me.

Senator D'AMATO. Thank you, Mr. Chairman.

Mr. CLAYTOR. That completes my statement, Mr. Chairman.

PREPARED STATEMENT

Senator LAUTENBERG. That was a good conclusion. A good leader always has a good team.

Mr. Claytor, we have your complete statement and it will be made part of the record.

[The statement follows:]

STATEMENT OF W. GRAHAM CLAYTOR, JR.

My name is W. Graham Claytor, Jr. I am President and Chairman of the Board of the National Railroad Passenger Corporation (Amtrak). I am pleased to appear today before this distinguished Committee to discuss Amtrak's Fiscal Year 1989 budget request, and to detail to the Committee our continued progress in reducing Amtrak's dependence on Federal financial support.

At the outset, I should note that the President's budget, for the fourth time in the last four years, recommends a zero appropriation for Amtrak. This, of course, would shortly require the termination of all Amtrak operations and, because of the enormous labor protection liability that this in turn would trigger, would result in the bankruptcy of the company. In each of the last three years, the Congress has considered this proposal in depth and has rejected it as impractical, more costly to the government than continuation of Amtrak funding, and bad public policy. Attached to this testimony as Appendix 1 is a detailed analysis of the impact of the President's proposal. In view of the extensive congressional consideration previously afforded the issue, however, I do not believe that further debate would serve a positive function at all, and would tend to overshadow the significant progress we are making to provide reliable, quality service at an increasingly reduced cost to the Federal government.

Mr. Chairman, I wish to express my appreciation to you for sponsoring Senate Resolution No. 383 supporting adequate funding of Amtrak to "enable it to continue to operate a national railway system and to continue the progress that has been made to improve its financial performances and service levels." S. Res. 383 already has been cosponsored by Senators Biden, Bingaman, Bradley, Burdick, Byrd, Dodd, Exon, Fowler, Harkin, Heinz, Metzenbaum, Moynihan, Pell, Rockefeller, Roth, Sanford, Sarbanes, Specter, and Weicker. Amtrak obviously appreciates the support and confidence of these sponsors of S. Res. 383 and their recognition of the importance of intercity rail passenger service to a balanced transportation system.

Financial and Performance Improvements

As background for consideration of our request for appropriations, I will briefly summarize Amtrak's growth, development and financial and other accomplishments during the past year and over the seven year span of the present Administration -- from the beginning of 1981 through 1987. During this period we have significantly improved the quality of Amtrak's service while continuing a modest expansion; we have led the railroad industry in negotiating gradual reforms of outmoded and costly labor work rules; we have initiated a program to modernize our traffic control and maintenance facilities; and we have become leaders in innovative improvements in several important technical areas.

Since 1981, Amtrak has made substantial progress in improving its financial performance and reducing the cost of providing national rail passenger service. As the chart below illustrates, Amtrak has increased its revenues, its revenue passenger miles, and the quality of its service while at the same time holding down its costs. We have done so despite a steadily decreasing amount of Federal financial support.

Comparison of Financial and Performance Data (Constant 1981 Dollars)

	1981	1987	Change
Total Revenues In Current Dollars (millions)	$612.2	$973.5	+ 59%
Total Revenues In Constant 1981 Dollars (millions)	$612.2	$765.0	+ 25%
Revenue to Cost Ratio	0.48	0.65	+ 35%
Total Federal Grant (millions)	$898	$483	- 47%
Federal Operating Grant (millions)	$675.8	$461.9	- 32%
Passenger Miles Per Constant Dollar of Federal Grant	5.3	10.9	+ 106%
Revenue to Short-Term Avoidable Cost Ratio	0.73	1.03	+ 41%
Revenue to Long-Term Avoidable Cost Ratio	0.60	0.79	+ 32%
Passenger Miles (millions)	4,762	5,221	+ 10%
Passenger Miles Per Train Mile	155	177	+ 14%
Total Federal Support As A Percentage Of U. S. Budget	.1%	.06%	- 60%
Managerial Staff As Proportion Of Work Force	.15	.12	- 20%

These financial improvements are the result of Amtrak's successful efforts to reduce operating costs and to improve revenues. I will briefly discuss these efforts.

A few years ago, Amtrak frequently was criticized for continuing to operate under traditional high-cost railroad labor agreements. Beginning in 1981, Amtrak has worked closely with its labor organizations to renegotiate these standard industry-wide agreements. Progress in that year included a new agreement with the non-operating unions to hold down future wage increases until a reduction of 12 percent below the industry standard was reached, and to make a number of important work-rule changes, including split shifts in certain areas, flexible start time, reduced guaranteed pay and lower entry pay rates. When fully implemented, these changes produced annual savings of approximately $165 million. The impact of these changes in reducing wage cost increases during the 1981-1983 period is shown graphically in Chart 1, annexed to this testimony.

In 1982, Congress mandated the takeover by Amtrak of all train and engine crews operating Amtrak trains on the Northeast Corridor. The two operating craft labor organizations, the Brotherhood of Locomotive Engineers (BLE) and the United Transportation Union (UTU), worked out an agreement with Amtrak to eliminate the traditional time/mileage pay formula under which train crews had received a day's pay for each 100 or 150 miles traveled, and to replace that formula with hourly wages and a 40-hour work week, with time and a half for overtime. These agreements also eliminated the requirement for a second man in the locomotive (the fireman), reduced minimum crew size and did away with a number of traditional arbitrary restrictions and penalties. The more important of these new arrangements were phased in over a three-year period, and when fully implemented resulted in annual savings of an additional $15 million.

I believe it is important to emphasize that this agreement stands as a tribute to the courage and sound thinking of the BLE and UTU officers who participated in this highly successful negotiation. All too often, industry labor and management have asked Congress to solve their problems. In our agreement, labor and management cooperatively solved, without outside intervention, problems that have divided them for nearly 50 years.

In 1983, most of these work rules were extended to Amtrak's Auto Train service, resulting in a reduction from six crews (24 workers) to only two crews (8 workers) for the trip from Lorton, Virginia to Sanford, Florida. The impact of this change on Auto Train service alone amounts to annual savings of some $2 million.

Finally, Amtrak and its labor organizations made additional non-operating work rule revisions in 1985 and 1986 that resulted in an annual savings of an additional $5 million. Even more importantly, Amtrak also assumed direct employment of train and engine crews on all its daily trains throughout the country. These agreements followed the earlier Northeast Corridor pattern of hourly wages for a 40-hour work week rather than the traditional time/mileage pay formula. They also provided for a single engineer in the cab on most runs scheduled for less than four hours and two fully qualified engineers on all longer runs. Annual savings from the crew takeover agreements come to some $40 million.

Since their implementation, these new labor agreements have enabled Amtrak to realize total annual cost savings of over $200 million. As a result, Amtrak's labor productivity is superior to and its labor costs well below those of other major railroads. Chart 2, annexed to this testimony, shows that between 1980 and 1988, Amtrak's cumulative wage increases of 34 percent were significantly -- some 29 percentage points -- below the 48 percent average increases for the railroad industry. In addition, Chart 3, annexed hereto, shows that in 1988 Amtrak's Journeyman pay rate is 9 percent below that of the railroad industry as a whole. It should also be noted that Amtrak is the only major railroad in the United States that has succeeded in eliminating the outmoded time/mileage pay formula and related work rules and restrictions for its train and engine crews, and thus is able to operate like most American industry on the basis of hourly wage rates and a 40-hour work week.

Obviously, these positive changes and large savings could not have been accomplished without the dedication of a truly admirable and inspiring work force and their highly responsible union leaders. I cannot overemphasize the high esteem and appreciation I have for Amtrak's employees, their concern for Amtrak's future, and the changes they have been willing to accept to enable Amtrak to reduce its dependence on Federal financial support.

I should note as well that the number of Amtrak managers (exempt personnel) also has declined during this time and today constitutes only 12 percent of the total Amtrak work force, quite small in comparison to most other industries.

Amtrak's costs over the last seven years have also been held down by excellent returns on its investment of the substantial capital provided in earlier years. These capital improvements have included the modernization of the obsolete Beech Grove maintenance facility and of the Wilmington Delaware shops obtained from the bankrupt Penn Central Railroad; the construction of a modern new maintenance facility with NECIP funds at Ivy City in Washington, D.C.; the acquisition of modern diesel and electric locomotives, 640 new Amfleet passenger cars in the East and 284 two-level Superliner cars in the West, as well as the electrification and rebuilding of many older passenger cars inherited from the various railroads. In the aggregate, these accomplishments have enormously increased the efficiency and lowered the cost of our operations. Various planned -- but unappropriated -- capital projects will further contribute to reducing our costs in the future.

Equally important has been the growth of Amtrak-generated revenues. Amtrak generated a record $973 million in revenue in FY 1987, and we project that Amtrak will be a billion dollar company in FY 1988. On that basis, Amtrak would fall within the upper half of Fortune magazine's most recent listing of the "50 Largest Transportation Companies" if Amtrak were included in that listing, and we would be near the middle of Fortune's listing of "500 Largest Industrial Companies" if in turn Amtrak fell within that category. In addition, Amtrak recently displaced the Eastern Airlines shuttle as the largest passenger carrier between New York and Washington, and Amtrak finally has been mandated by the General Services Administration as the primary preferred carrier for government business travel between various points on the Corridor.

As our equipment and service have improved, our revenues have grown steadily. Chart 4, annexed hereto, illustrates the dramatic 25 percent growth, in constant dollars, of our revenues from FY 1981 to FY 1987 compared with an equally impressive 6 percent reduction in operating expenses during this same period. In current dollars, revenues over this period increased substantially faster than increases in operating expenses -- 59 percent for revenues compared to only 16 percent for expenses.

These two factors -- sharply increased revenues and only small changes in operating expenses -- have enabled Amtrak to obtain impressive improvements in our bottom line: the percentage of our total operating costs that are covered by our own revenues. This figure -- our revenue-to-cost ratio -- was only .48 in FY 1981. As illustrated by Chart 5, annexed hereto, for FY 1987 it stands at .65, an improvement of 35 percent. We expect to make or surpass two-thirds -- .67 or better -- in this Fiscal Year 1988 and have a goal of .70 or better by 1990.

In 1987, we also achieved another long-sought goal: to cover with route revenues on a system-wide basis all of the short term avoidable or "out-of-pocket" costs of operating all of our trains. In FY 1981, route revenues covered only 73 percent of these costs; in FY 1987, we surpassed our goal of covering 100 percent of our short term avoidable costs. See Chart 6, annexed hereto.

Finally, as shown in Chart 7, our requirement for Federal financial support has dropped from $896 million in FY 1981 to $581 million for the current FY 1988 -- a decline of $315 million, or 35 percent, in these eight years. In constant dollars, this reduction is even more dramatic -- a 50 percent reduction. Today, Federal financial support for Amtrak amounts to just six one-hundredths of one percent of the total Federal budget. I believe I am correct when I state that Amtrak is the only Federally supported entity that has succeeded over recent years in improving both the quantity and the quality of its service at the same time its Federal financial support has been substantially reduced.

It is important, however, to go one step further and consider the nature and impact of this large reduction in Federal financial support. Chart 8, annexed hereto, lists the amount of our total Federal appropriations in current and constant dollars since FY 1981 that was applied to offset Amtrak's operating deficit and labor protection payments, and the remaining amount available for capital investment. Despite extreme inflation during the early portion of this period and significant average inflation during the entire period, the reduction in our need for appropriations in current dollars to offset our operating deficit (including labor protection) was nonetheless impressive -- $116 million, or a reduction of 17 percent. In constant 1981 dollars, the reduction in this period of course was even greater -- almost 37 percent.

We are proud to have succeeded in making such really significant improvements in our financial performance, and certainly will strive to continue this trend. However, when we consider the dramatic decline in Federal funds available for Amtrak's capital requirements during the past seven years, we are deeply disturbed. As Chart 8 demonstrates, in FY 1981, our Federal appropriations available for capital amounted to $221 million. Amtrak's resulting return on the investment of this and other capital grants was a major factor in enabling us to make the impressive service and financial improvements described above. In almost every year thereafter, however, funds available for capital investment declined precipitously: in FY 1986, Federal capital grants were essentially zero; for FY 1988, appropriated capital is estimated to amount to only $21.3 million, a decline from FY 1981 of some 91 percent. In constant 1981 dollars, this FY 1988 capital amounts to only $16.3 million, a decline of 93 percent since 1981. This constant dollar figure is the true measure of the reduction in real purchasing power of this capital. Without continued investment in the many capital projects that are now desperately required and which would provide high internal rates of return, Amtrak cannot hope to maintain the favorable financial momentum it has achieved in recent years. Unfortunately, this would mean that a greater proportion of Federal financial support would be required to offset operating deficits rather than to finance capital improvements that would reduce those deficits.

Developing New Sources Of Revenue

Amtrak has continued to look beyond the traditional provision of rail travel for sources of revenue to further reduce our dependence on Federal financial support. During FY 1987, Amtrak earned at record $38.2 million in net revenue from a variety of diverse projects including lease of rights-of-way for commercial communications use; mail and express delivery; rail car engineering and testing as well as rail welding and track renewal for commuter agencies; and electrical cogeneration.

One area of large but still only partially realized revenue potential is the renovation and commercial development of Amtrak train stations and other valuable real estate holdings -- including air rights over our tracks -- in numerous cities such as Philadelphia, New York, Chicago and Washington, D.C. Many of these areas were considered undesirable for development only a few years ago, but today they represent some of the prime real estate in America. Once developed, these properties will generate substantial revenues for use by Amtrak to help further reduce our need for Federal financial support. For example, renovation of the Chicago Union Station headhouse building will soon be commenced by a private real estate development firm at a cost of $270 million in private funding. At completion, Amtrak will receive the benefits of a modern station facility and annual rental revenues in excess of $4 million. Development of the 30th Street Station in Philadelphia, financed in part with $30 million in tax-free state bonds, will include 15-20 million square feet of office space, commercial and residential development, and improved station and parking facilities. When completed, Amtrak will receive between $12 million and $15 million in annual rental income. During 1988, development of Washington Union Station and improvements to Penn Station in New

York will be completed, providing vastly improved stations for our passengers and substantial commercial returns to the Corporation.

Amtrak also continues to rely on its status as the nation's most experienced provider of rail passenger service to create addition sources of revenue. For some time, we have maintained and operated under contract the Baltimore to Washington commuter trains of the Maryland Department of Transportation (MARC). Effective January 1, 1987, we contracted with the Massachusetts Bay Transportation Authority (MBTA) for the similar operation and maintenance with our own employees of its extensive rail commuter services in the Boston area -- as a result of which the total number of passengers carried on Amtrak-operated trains grew from 21 million in FY 1986 to 30.6 million in FY 1987, and this figure will exceed 34 million in FY 1988. We are also considering comparable arrangements with commuter authorities in Connecticut, Virginia, Florida and California.

Amtrak's technologically advanced reservations system -- the ARROW system -- which has taken many years to develop and perfect, has earned high marks in the travel industry both within the United States and internationally. Recently, the national rail systems of several countries, including Australia, Canada and France, have asked Amtrak to bid on licensing the Amtrak ARROW software to them. If this develops, not only will Amtrak will derive substantial revenue, but the ARROW system will be established as the industry standard worldwide.

Amtrak is recognized as a technological leader in the rail industry. We are breaking new ground in many areas with such innovative developments as our advanced track geometry cars, our mechanized track laying machine, our experimental high-speed (70 MPH) turn-out, and the first three-phase asynchronous traction-motor locomotive in North America. In addition to reducing the costs of operating our system, some of this equipment provides sources of additional revenue for Amtrak, and I have directed Amtrak departments to maximize the revenue capacity of our existing resources. For example, we frequently contract with various commuter agencies for assembly or repair of their commuter equipment, for welding their rail, for maintenance of their track, and for the leasing of our maintenance-of-way equipment when not otherwise required for Amtrak's needs. Amtrak recently was a awarded a bid to assemble new locomotives for SEPTA and is completing a supplemental order for Metro commuter rail cars for the Washington Area Metropolitan Transit Authority.

We are careful to ensure that the prices we bid in all such contracts include all direct costs plus allocated overhead, material handling charges, depreciation, general and administrative expenses, and, finally, an appropriate profit margin. Our costing methodologies have been reviewed by Arthur Andersen, our independent auditors, as well as by the General Accounting Office (GAO), and found to be consistent with generally accepted accounting standards. In addition, specific contracts are reviewed annually during our independent audit.

Amtrak will continue to strive to maximize revenues, to minimize expenses and thereby to reduce its dependence on Federal financial support. I intend to further encourage Amtrak employees to identify and develop innovative projects and areas where our expertise and assets can generate the revenues we need to become more self-sufficient.

Areas of Critical Concern In the Amtrak Budget

Amtrak is seeking a Fiscal Year 1989 grant of $630 million to continue operation of the existing national system. As detailed in Amtrak's Fiscal Year 1989 Grant Request and Justification, submitted to the Committee on February 19, 1988, $557.4 million would be applied towards actual operation (including labor protection) of the rail system, which is the smallest amount (in constant dollars) Amtrak has requested since 1974. The remaining $72.6 million would go to critically important capital programs.

As detailed in Chart 8 and discussed above, Amtrak has succeeded in each of the past few years in reducing its annual operating loss and our resulting need for operating grant funds. The $557.4 million required for FY 1989 represents a reduction of $2 million from our FY 1988 operating grant despite an anticipated inflation in our costs of 4.3 percent, or some $65.3 million. With a projected growth in revenue in FY 1989 of 6.4 percent (to $1.112 billion), we intend to achieve a revenue-to-cost ratio in that year of .69, and we have some real hope of doing even better if the economy remains strong.

Even with our operating grant requirement for FY 1989 thus held down to the lowest amount in thirteen years despite steady inflation in each of those years, the appropriation of $630 million would provide only $72.6 million for desperately needed capital improvements. Amtrak has reached a critical juncture with respect to its need for capital, and can no longer absorb the severe cuts in capital grants that have characterized the past several years without a decline in the quality of our service. Increased emphasis on capital investment in Amtrak is desperately needed now to protect and enhance the Federal investment in Amtrak's infrastructure and to enable continued progress in reducing the cost of operating rail passenger service.

Before describing some of Amtrak's capital needs and the expected return on their investment, I should make clear that Amtrak must yearly spend some $30-$40 million on miscellaneous capital projects that are required simply to keep the railroad operating, and therefore do not constitute real improvements. These include such projects as installing event recorders in our locomotives and baggage racks and seat locks in our passenger coaches for safety purposes, making required payments on earlier locomotive purchase contracts and Amtrak's Superliner litigation settlement, replacing worn rail and ties on the Northeast Corridor and the San Diego line, etc. Amtrak expects to generate in FY 1989 approximately $30.5 million in net revenue from our corporate development, real estate, and other non-transportation activities that we can apply to these miscellaneous capital requirements, as we have done in prior years. As a result, however, our entire litany of other capital projects must necessarily depend on Federal financial support for funding.

Beyond the basic requirements to maintain the railroad's infrastructure and ensure the safety of our passengers and employees, Amtrak seeks every opportunity to invest in projects that not only support our rail passenger service goals, but also yield high investment returns that will further reduce Amtrak's dependence on Federal subsidies.

Accordingly, for FY 1989, Amtrak hopes to be able to invest a total of $103.1 million in capital, which includes $30.5 million of internally-generated funds and $72.6 million in requested Federal grant funds. The projects cover all investment categories -- rolling stock, maintenance facilities, stations, information systems/communications, right-of-way, and other improvements. A summary of this overall capital program is provided with this testimony as Chart 9.

Included in our capital program is the reseating of our Amfleet coaches to expand capacity from 60 to 68 seats per car, thereby increasing the revenue capacity of our Metroliners and other short-distance services. This investment of $1.3 million should increase revenues by an average of $1.2 million annually. Our program of converting stored obsolete Capitaliner units into modernized push/pull cab cars will increase our fleet capacity and, because of efficiencies inherent in the use of push/pull equipment, enable us to avoid turning equipment at the end of each run. The $10.8 million needed for these conversions is projected to have an internal rate of return (IRR) of 50 percent. Our $600,000 investment in Automation Support projects will fund the capital portion of such programs as the package express tracking system, equipment fleet allocation process, and the crew management system. The cost savings resulting from these projects, when taken together, are expected to generate an average IRR of over 100 percent. A $300,000 rail grinding project for 135 miles of newly installed continuously welded rail in the Northeast Corridor will improve ride quality and avoid over $275,000 in annual rail surfacing expenses.

Other projects include $1.8 million for modern tooling and equipment at our Bear, Delaware facility that will enable us to overhaul our Amfleet cars, at an IRR of 50 percent; the use of $500,000 to enable us to take advantage of opportunities to buy out leases and refinance or upgrade computer equipment that will save approximately $1 million annually; and installation of video equipment on our Eastern long-distance trains at a cost of $500,000 that is expected to increase revenues by some $1 million per year (based on our actual experience from installing this equipment on our Western trains).

One of the casualties of Amtrak's lack of capital funding has been our inability to fund critical improvements at our Sunnyside Yard in Queens, New York. Inherited from the bankrupt Penn Central Railroad, Sunnyside Yard is vital to Amtrak because it is our primary maintenance facility for Amtrak cars and locomotives in the New York area. In addition, considerable maintenance work is performed for New Jersey Transit at Sunnyside Yard as well. Amtrak requires some $20 million to improve the three main facilities located there, the most critical of which is the replacement of the locomotive facility. This facility was some 75 years ago and is totally inadequate for our needs or the health and welfare of our employees. Replacement of the facility will run $6.3 million and it is critical that we move as quickly as possible to begin work. Because we already have completed most of the engineering plans for a replacement facility, we would be able to move our employees into a safer, more productive work environment within approximately 16 months if funding for the project were made available by this summer. The other two facilities that need attention include the Commissary ($8.4 million) and the Car Wash ($5.6 million), replacement of which would produce high returns on investment. Because of budget constraints, Amtrak will seek funding for these projects in a future capital request.

These and other capital programs would not only enhance the service we can offer our passengers, but would greatly improve our operating efficiency and ultimately reduce our financial dependence on the Federal government. This continued progress toward self-sufficiency will be possible only if the necessary capital funds are made available for investments such as these.

Amtrak's future, however, continues to be clouded by the uncertainties inherent in the need to obtain authorization and appropriation of funds every year. This not only makes any real forward planning difficult and at times impractical, but it also severely limits Amtrak's ability to finance equipment and other capital purchases that every other railroad makes routinely. The inclusion of Amtrak in a Transportation Trust Fund, along with the several commuter railroads with which it works closely, appears to be the best and most sensible solution to this problem. We hope that in the years ahead the Congress will give careful consideration to this approach.

Apart from the requested capital grant discussed above, there are two other sources of capital funds that should enable us to meet additional badly needed requirements.

1. Northeast Corridor Improvement Project (NECIP). The basic NECIP program, which began in 1976, authorized a total appropriation of $2.5 billion. Of this authorized amount, there has now been appropriated $2.274 billion, including $27.5 million in FY 1988, leaving some $216 million in remaining authority for this still unfinished program. Attached as Chart 10 is Amtrak's request for a FY 1989 appropriation for critically needed projects under this program of $30 million -- an amount only slightly more than the amount appropriated for the current fiscal year.

Three of these items -- communication and signal system upgrades, passenger car modifications to install baggage and on-board equipment restraints and seat locks, and locomotive modifications to include event recorders and signal/speed controls on switch engines -- involve the completion of safety improvements recommended by the National Transportation Safety Board after review of the Chase, Maryland accident.

An additional request is for a portion of the cost of installing the critically needed CETC centralized and electric traffic control system between Wilmington and Newark. As discussed below, Amtrak believes the remainder of the costs of installing CETC between Wilmington and New York City should come from UMTA grants to the commuter agencies that are the predominant users of this segment of track.

Finally, Amtrak is requesting NECIP funds for several important track improvement projects, including the installation of concrete railroad ties, and to complete improvements to the engine house at Amtrak's Sunnyside Yard in Queens, New York, which will enable more efficient operations.

2. Urban Mass Transit Authority (UMTA) Grants to Commuter Authorities. Amtrak is not a commuter railroad, but an intercity rail passenger carrier. Nonetheless, Amtrak's ability to operate reliably and efficiently in the Northeast Corridor is essential to the operation of several of the most important commuter railroads in this region, including New Jersey Transit and the Southeast Pennsylvania Transportation Authority (SEPTA).

New Jersey Transit operates a major portion of its commuter service over Amtrak lines between Trenton, New Jersey and New York City, and utilizes a significant portion of our Penn Station in New York City. In the 58 miles from Trenton to New York, New Jersey Transit and Amtrak operate an average of some 314 trains, or 11,700 passenger train miles each weekday. Of this total, New Jersey Transit operates 6,704 (57 percent) of the train miles, and 228 (73 percent) of the trains. Although Amtrak owns the trackage, its operates only 4,996 (43 percent) of the train miles, and 86 (27 percent) of the trains on this segment.

Similarly, in the 47 miles from Marcus Hook, Pennsylvania (just north of Wilmington) to Trenton, SEPTA and Amtrak together operate some 237 trains, or 6,498 passenger train miles each weekday. Here, SEPTA operates 2,390 (37 percent) of the train miles, and 150 (63 percent) of the trains on this segment. Amtrak operates only 4,108 (63 percent) of the train miles, and only 87 (37 percent) of the trains operating each day between Marcus Hook and Wilmington.

Amtrak, with NECIP assistance, has installed and is now testing a very complex and important state-of-the-art Centralized Electric and Traffic Control (CETC) System between Washington and a point just south of Marcus Hook -- a total of 110 route miles. The extension of this system over the 106 miles from Marcus Hook to the Hudson interlocking at Newark, New Jersey is urgently needed for the safe and efficient operation of all trains on that segment of trackage, the majority of which are commuter. We believe that the $59.7 million that this extension of CETC and appurtenant signal upgrading will cost should be largely borne by appropriate UMTA grants to the commuter rail users, New Jersey Transit and SEPTA.

In this connection, it is interesting to note that at the request of the Maryland Department of Transportation (MARC), UMTA recently made a grant of $9.8 million for the installation of a comparable centralized traffic control system on the privately owned CSX (formerly B&O) Railroad over which a relatively few daily MARC commuter trains operate between Baltimore and Washington (10 trains) and between Brunswick, Maryland and Washington (12 trains). The total project cost of some $13 million for this installation has been allocated 75 percent to UMTA, 12.5 percent to MARC and 12.5 percent to CSX, which is the owner and primary operator of the railroad. We believe that comparable financing should be utilized for the much more vital CETC extension on the Northeast Corridor between Marcus Hook and Newark, with UMTA providing 75 percent of the cost and Amtrak and New Jersey Transit equally sharing the rest of the cost between Trenton and Newark, and Amtrak and SEPTA sharing the rest of the cost between Marcus Hook and Trenton. In this connection, it should be noted that agreement already has been reached between Amtrak and the Long Island Railroad for installation of a comparable traffic control system from the Hudson interlocking at Newark through Penn Station to New Rochelle, New York.

In view of this Committee's jurisdiction over UMTA funding, we urge it to seriously consider funding the completion of CETC through UMTA grants. I would note that the recent derailment of an Amtrak train near Chester, Pennsylvania, would have been avoided had the CETC system been in place there. We thus feel that the extension of CETC to Newark, and its resulting elimination of the old and obsolete signal tower at Marcus Hook, is a matter of considerable urgency.

Initiatives to Further Reduce Federal Financial Support

Amtrak filed its 1988 Legislative Report with the Congress and the President on February 15, 1988. In it we have detailed various legislative proposals that would significantly reduce our operating expenses and thereby enable us to operate more efficiently and at less cost to the Federal government. If all of these proposals were enacted, Amtrak could reduce its operating costs by at least $80 million, and thereby its need for Federal financial operating support by nearly 15 percent.

Although these proposals must first be approved by the Senate Commerce, Science and Transportation Committee, and enacted by Congress, I nonetheless feel it is important to highlight to the this Committees the various steps that could be taken to significantly reduce the cost of providing national rail passenger service. Enactment of these proposals would save money and, we believe, benefit our employees, with no negative impact on the quality of our service. Although I pledge to continue to find new ways to reduce our costs, we already have succeeded in identifying and reducing nearly all the most glaring cost items in our budget. The proposals set forth below constitute the most fertile areas for additional dramatic cost reductions, and will be critical to future efforts to reduce Amtrak's need for Federal financial support. These proposals will for convenience be briefly summarized below.

1. Exemption from the Railroad Unemployment Insurance Act. The Railroad Unemployment Insurance Act (RUIA), enacted in 1938, governs unemployment and short-term sickness benefits for Amtrak employees. The cost of railroad unemployment insurance is borne entirely by the railroad employer. In addition, the RUIA insurance premium -- the cost to the employer -- is based on the average unemployment record for the whole railroad industry, not on the record of the individual employer. Under all comparable state unemployment benefits programs, which apply to almost all non-railroad employees, the cost to the employer is determined by the employer's own unemployment record, thereby entitling him to benefit from a superior employment stability history.

Amtrak has a far more favorable employment record than the railroad industry as a whole and expects to continue this superior performance. Accordingly, Amtrak would realize significant savings in insurance premiums under the state programs, and Amtrak proposes that its employees be covered under individual state unemployment benefits programs rather than RUIA. The only benefit provided under RUIA that is not included under state programs is the provision of short term sickness benefits and these would be provided independently by Amtrak at its own expense.

It is estimated that putting Amtrak under state unemployment benefits programs, and establishing an Amtrak program to provide the short term sickness benefits, would result in annual savings to Amtrak -- and the Federal government -- of at least $12 million, with unemployment benefits to Amtrak employees equal to or better than those available under RUIA. These savings far exceed any potential savings that H.R. 2167, passed by the House last year, would provide through its amendment of RUIA to include a limited experienced-based premium program.

2. Exemption From the Federal Employers' Liability Act. Claims by all railroad employees for on-the-job injuries are resolved under the Federal Employers' Liability Act (FELA), an 80-year old law that predates modern state workers' compensation programs under which worker injury claims in almost every other industry in America are resolved. The FELA is an outmoded, extremely costly compensation system that depends on the determination of fault and the resolution of claims by litigation. FELA awards and costs against Amtrak have steadily increased over recent years to where such costs represent a significant percentage of the costs of Amtrak's operations. This increase is not due to more claims against Amtrak, but to escalating jury awards, settlements, and legal and medical fees. FELA currently costs Amtrak over $93,000 per day in claims; in FY89, Amtrak estimates a payout of $38 million in FELA claims.

Based on the conclusions of a 1986 GAO study, Amtrak could save at least $16 million of this amount merely by switching to the no-fault state workers' compensation system, while at the same time providing injured employees a far faster, fairer and more efficient method of compensation. Amtrak supports the effort by the railroad industry to place the entire railroad industry under state workers' compensation programs. Admittedly, however, this is a controversial proposal, since it would eliminate an extremely lucrative area of practice by personal injury attorneys as well as the excessive jury verdicts that are becoming increasing prevalent in some personal injury cases. Employees claim that they need FELA to compensate them for injuries in the work place; the railroads claim that litigation of the issue of fault creates adversarial labor-management relations, and results in awards that are entirely out-of-line with the compensation employees in other industries receive for similar work place injuries.

Amtrak proposes that it be used as a test case for the validity of replacing the FELA with state workers' compensation programs. We suggest a legislative provision that would transfer jurisdiction over Amtrak's employee injury claims to the various state workers' compensation commissions under applicable state law for a three-year test period. At the end of that period, the exemption from FELA would terminate unless extended by Congress. Amtrak would recommend that, after it has operated under the state programs to resolve employee injury claims for two years, the GAO would be asked to perform a second study to provide an independent determination of the success or failure of Amtrak's experience.

Amtrak believes that the estimate of $16 million in annual savings based on the 1986 GAO report will prove to be extremely conservative, and that our savings could be significantly higher. Indeed, as the size of jury verdicts continue to increase, we believe the savings, when fully implemented, would be in excess of $20 million per year within a few years.

3. Exemption From the Railroad Retirement System. The Railroad Retirement Act of 1935, which predates the enactment of the Social Security system, established the primary pension program that still covers today's railroad workers. Unlike ERISA-type pension programs, which are used by most non-railroad companies and under which funds are collected for each employee and invested for that employee's retirement, Railroad Retirement is based on a pay-as-you go system with both the employer and the employee contributing to the costs. Amounts paid into the system are immediately used to pay the pension benefits of existing retirees. Today, there are over three railroad industry retirees receiving benefits for every active employee paying into the system. As a result, costs have escalated enormously and will continue to do so, and the system as a whole faces possible insolvency in the years ahead. It is estimated that in FY89 Amtrak will be required to pay approximately $192 million in Tier I and Tier II taxes into the Railroad Retirement system -- an amount that equals practically one-third of Amtrak's entire FY 1988 appropriation of $581 million. Tier II taxes alone cost Amtrak over $135 million; however, because of its young work force, only $15.6 million of Tier II benefits will actually go to Amtrak retirees.

Detailed studies made by Amtrak and experienced professional consultants indicate that if Amtrak were allowed to withdraw from the Tier II portion of railroad retirement, and it established instead a Federally insured and fully funded (by Amtrak) private pension program providing the same benefits as now provided under the Railroad Retirement system, Amtrak could save approximately $45 million per year in pension costs. Amtrak employees would continue to pay their share of and receive the benefits of social security (which now constitutes Tier I of Railroad Retirement), but would save up to $1500 each year in Tier II Railroad Retirement taxes.

Amtrak's appropriation presently is being used to subsidize the retirement costs for the rest of the railroad industry. This unfairly inflates the cost of providing rail passenger service and improperly inflates Amtrak's need for Federal financial support.

4. Tort Liability. Under the Federal Tort Claims Act, which provides for legal actions against the United States for personal injury and damage claims, there are specific provisions that prohibit the award against the government of punitive damages and of pre-judgment interest -- i.e., interest on damage awards for the period between the time of injury and the entry of judgment. The Federal Tort Claims Act also imposes limits on fees that attorneys representing plaintiffs in damage, personal injury and death cases against the United States may charge their clients. Because damage claims paid by Amtrak ultimately are borne by the Federal government, it is reasonable that these limitations on damages against the United States also be applied to Amtrak.

In addition to these provisions of the Federal Tort Claims Act, one other provision that would limit claims against Amtrak should also be enacted in fairness to the government that must ultimately pay them. This involves the double-recovery permitted under the so-called "collateral source" doctrine, under which evidence of benefits that a plaintiff has already received or will receive, but which are sought by the plaintiff to be collected again as part of compensatory damages claimed in the tort action, is not permitted to be considered by the court or the jury. For example, a plaintiff may claim a wage loss in a personal injury suit even though he actually has been compensated for this under a disability plan. It obviously is unfair to the government to permit a plaintiff to collect twice for the same injury and thus should be prohibited in claims against Amtrak.

5. Limitation on Environmental Liability -- When Congress transferred control of large portions of real estate formerly owned by the bankrupt Penn Central Railroad to Amtrak in 1976, neither it nor Amtrak had any idea that some of the properties may be subject to significant clean-up costs imposed by subsequent Federal legislation for contamination and pollution that occurred during the ownership and operation of the properties by Penn Central or its predecessor railroads. Now, some twelve years later, Amtrak may be liable for the enormous costs of cleaning up pollution that it did not cause merely because Congress transferred ownership of the properties to Amtrak. Amtrak's liability for such environmental cleanup and other liability costs on these properties should be limited solely to that proportion of damages or clean-up costs resulting from pollution, if any, caused by Amtrak.

6. Freedom of Information Act -- Although Amtrak is not a Federal agency but a for-profit corporation under the laws of the District of Columbia, it nonetheless was made subject by Congress to the Freedom of Information Act (FOIA). Application of the FOIA to an operating railroad like Amtrak has at best proved to be of marginal public benefit at a significant cost in the corporation's resources and time, and at worst has worked to Amtrak's competitive and legal disadvantage. Experience has shown that virtually all information which the public could want about Amtrak's performance and its compliance with its statutory goals is routinely made available through congressional authorization and appropriations hearings and through the extensive reports that Amtrak is required to make public. The vast preponderance of FOIA requests -- some 91 percent -- are not at all directed to information related to Amtrak's operating

or financial performance or its corporate policies; instead, most are used by litigants seeking to expand the scope of discovery authorized by the court in litigation against Amtrak and for competitive information submitted to Amtrak by third parties bidding on Amtrak contracts. Amtrak does not believe that Congress took the unusual step of subjecting Amtrak to FOIA in order to aid bidders and litigants. We believe FOIA should be made inapplicable to Amtrak through the repeal of Section 306(g) of the Rail Passenger Service Act.

7. Limiting Labor Protection. Section 405(c) of the Rail Passenger Service Act, codified at 45 U.S.C. 565, mandated the establishment of labor protection provisions that require Amtrak, in certain circumstances, to pay a furloughed or unemployed Amtrak employee his full salary for a period of time equal to that which he has worked for Amtrak, up to a maximum of six years. These labor protection provisions apply whenever Amtrak discontinues any intercity rail passenger service, and have been held applicable in some cases not only to those not offered equivalent employment but also to an employee who declines to fill an available vacancy for which he is qualified if the position is more than 30 miles from his place of residence. Accordingly, there is a disincentive for the employee to accept alternate available Amtrak positions. The result is the payment of full salaries to employees who are not working merely because they do not want to relocate.

Amtrak is particularly concerned about the substantial, unfair and unnecessary expenses that can be imposed in the event that we wish to change the routes over which any of our trains operate. As railroads abandon certain portions of their lines, or more favorable marketing opportunities develop over alternative routes, it is highly desirable and sometimes essential that Amtrak be free to reroute its trains. Similarly, there may be poor-performance routes that Amtrak should abandon at the same time that other more favorable new routes should be instituted. Under the present arrangement, the cost of making such moves can be so severe that needed changes of this sort must be foregone.

In order to achieve a more equitable and efficient use of Amtrak's resources, a protected employee who has lost employment because of a discontinuance in service should be required to elect one of two options: to transfer to any bona fide vacancy (and be made whole for any compensation loss) for which he can be made qualified in any part of the corporation's system; or to accept voluntary furlough. Should an employee decide to accept a transfer to another position, moving expenses would be reimbursed by Amtrak under existing labor agreements. We believe this would provide fully adequate protection to employees and would give Amtrak the flexibility it needs to adjust its routes to provide the best and most cost effective service.

8. Preventing Secondary Boycotts Against Amtrak -- In certain situations, it may be lawful for striking employees of one railroad to engage in sympathy strikes or "secondary boycotts" against other railroads. If such action were taken against Amtrak, it could shut down our entire intercity passenger service as well as commuter services in the Northeast Corridor which depend on Amtrak for their operation. This should not be permitted.

What Amtrak is proposing would not in any way affect the right to strike Amtrak in connection with labor disputes between Amtrak and any of its labor organizations, but it would prevent labor disputes with and resulting job-actions against freight railroads from shutting down this nation's intercity and commuter rail passenger systems. A comparable provision was included in the 1981 statute authorizing the creation of "Amtrak Commuter."

9. Transfers Between Amtrak and Conrail. In 1981, pursuant to the Northeast Rail Service Act (NERSA), the Consolidated Rail Corporation (Conrail) ceased operating intercity rail passenger service on the Northeast Corridor. To protect Conrail workers employed in its passenger operations from losing their jobs, NERSA provided that Conrail employees with seniority on the Northeast Corridor in both freight and passenger service from prior to January 1, 1983, could transfer to Amtrak passenger service. Section 1165(a) of NERSA specifically provides that Conrail employees can transfer to Amtrak and back again to Conrail every six months. Now, some seven years later, employees are still engaging in such bi-annual transfers.

This right to flow back and forth between Amtrak and Conrail creates additional costs for both companies. Since 1983, approximately 350 Conrail employees have from time to time elected to transfer to Amtrak, displacing junior Amtrak employees, and some 225 Amtrak employees have voluntarily, or because displaced by senior Conrail employees, transferred back to Conrail. Some employees have moved back and forth as many as four times. Such transfers complicate and increase the cost of staffing and create instability and a lack of job security in the work place.

Amtrak proposes that section 1165(a) of NERSA be amended to limit affected employees thereafter to a one-time election to transfer to and from Amtrak employment. This would bring Northeast Corridor practices in line with those negotiated with the BLE and the UTU for off-Corridor employees recently taken over by Amtrak.

CONCLUSION

As the Committee considers Amtrak's grant request, the importance of capital investment to Amtrak's future cannot be understated. Decisions by many of the nation's railroads in the 1960s not to invest capital in rail passenger service resulted in the near collapse of such service and the need for the government to invest heavily in rebuilding national rail passenger service. Fortunately, this nation has since made dramatic progress in creating an efficient, modern and energy efficient rail passenger system. Amtrak and its employees are dedicated to continuing this progress at less and less cost to the government. With a Federal commitment to a modest capital program, we can continue to move forward to making America's rail passenger system the best in the world. We look forward to that challenge.

CHART 1

COMPARISON OF PERCENTAGE WAGE INCREASES

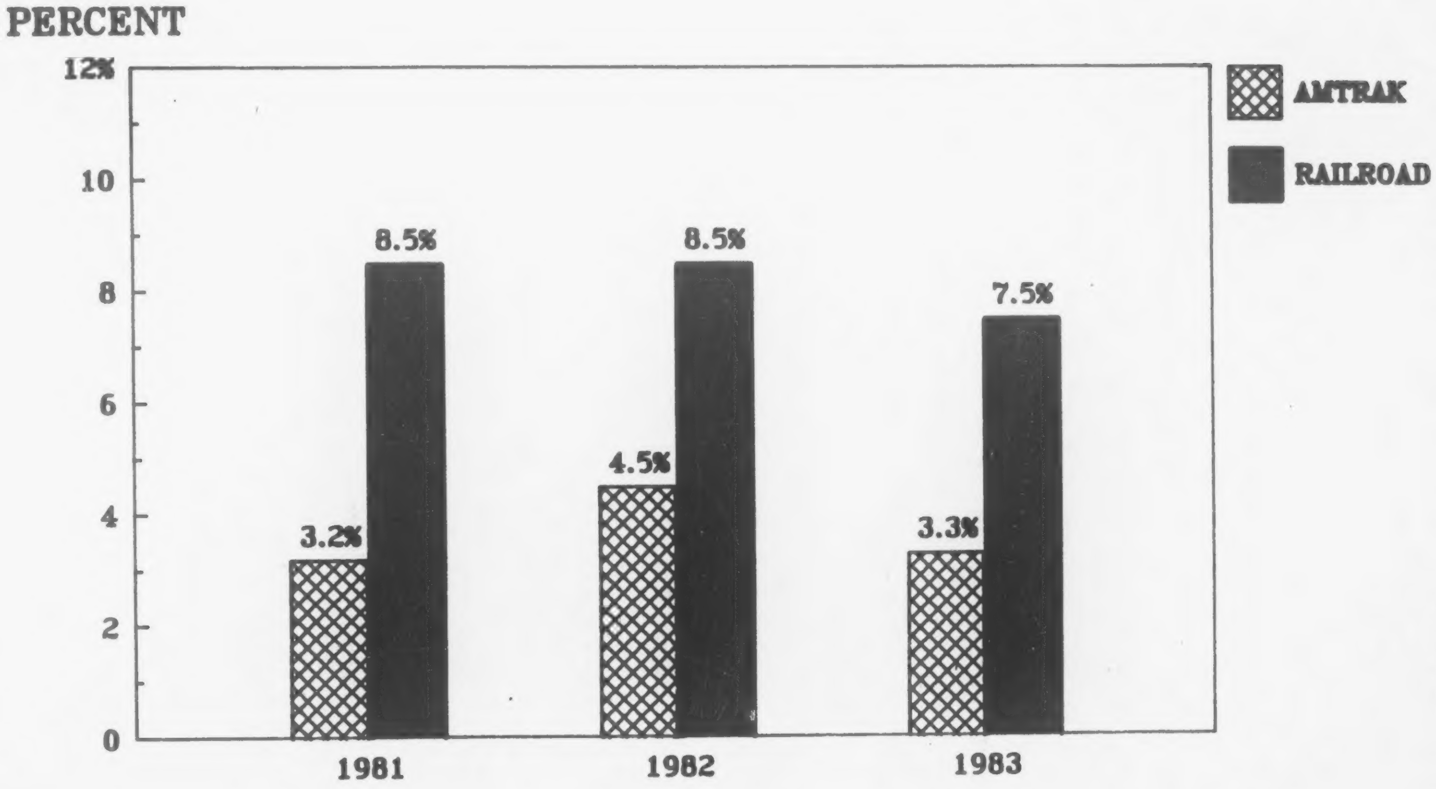

CHART 2

CUMULATIVE PAY INCREASES
1980–1988

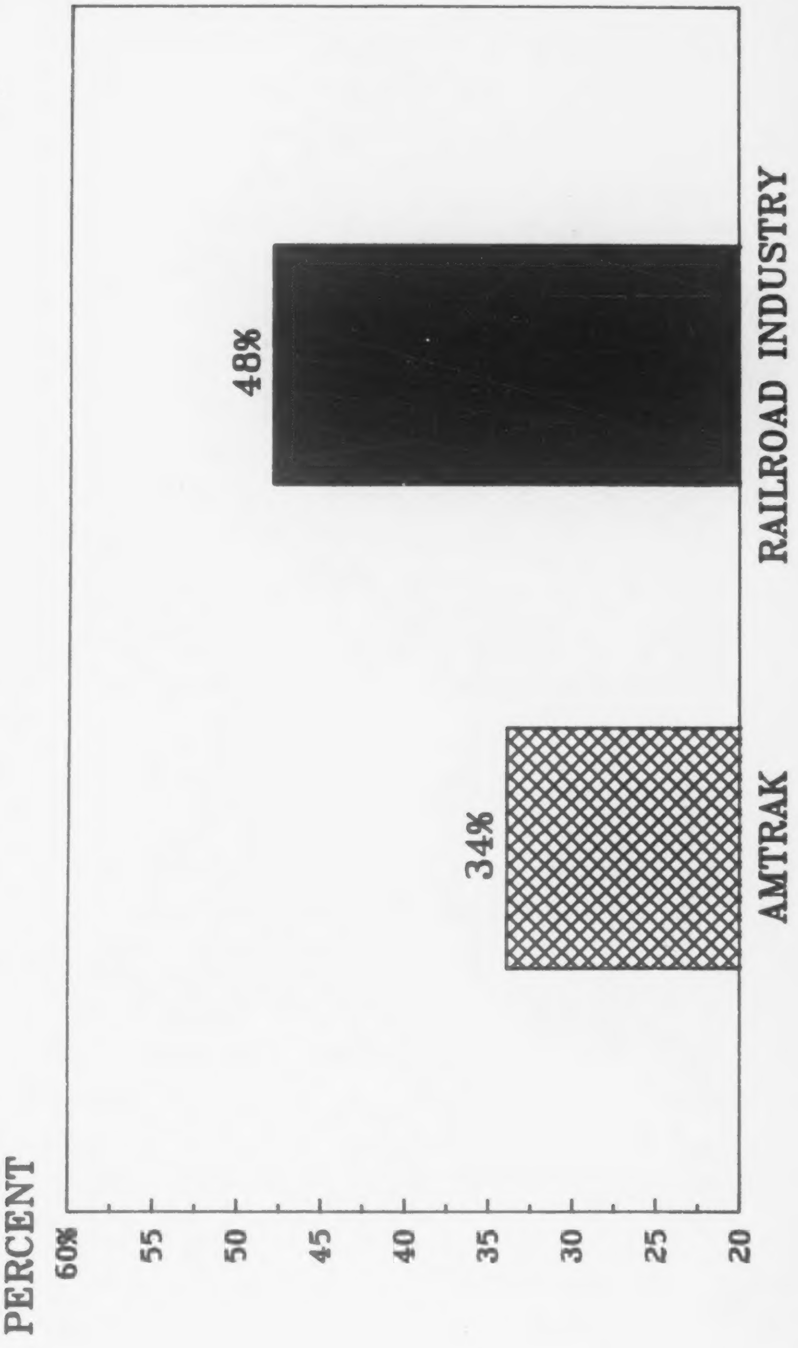

CHART 3

JOURNEYMAN RATE
JANUARY 1, 1988

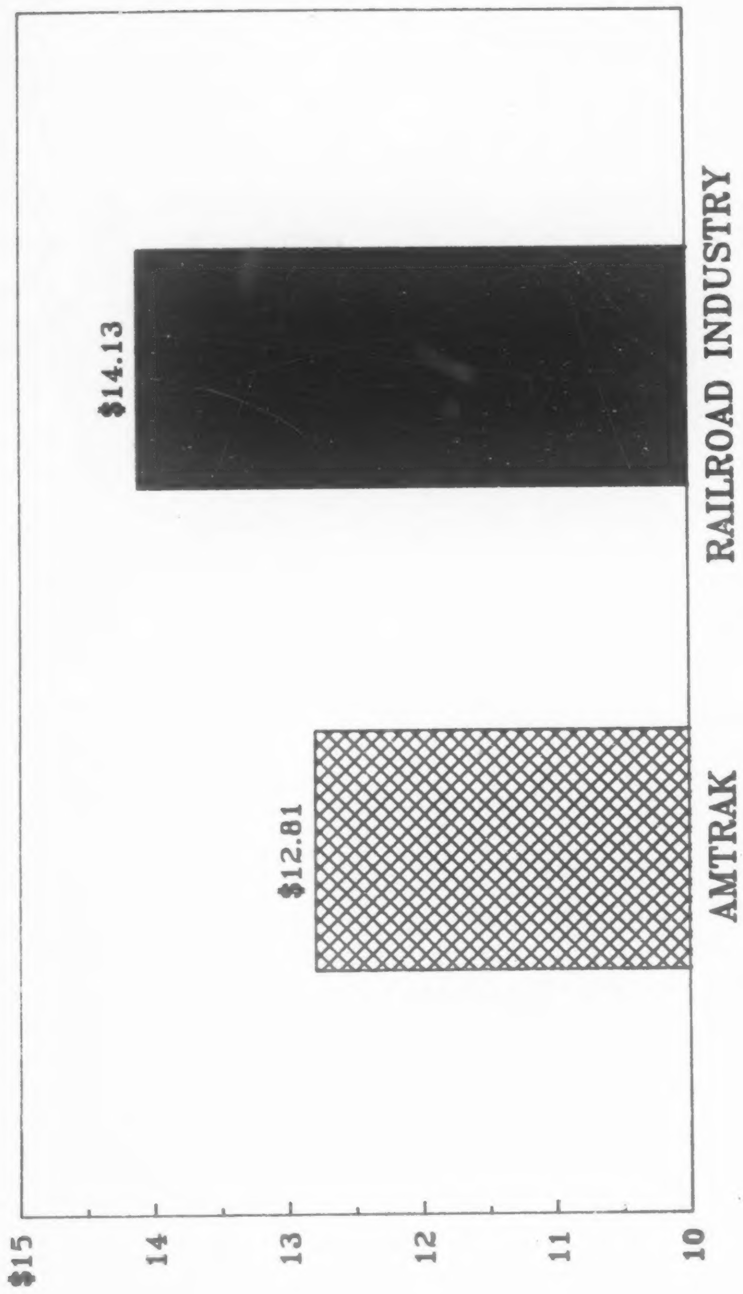

CHART 4

COMPARATIVE REVENUE AND EXPENSE CHANGE

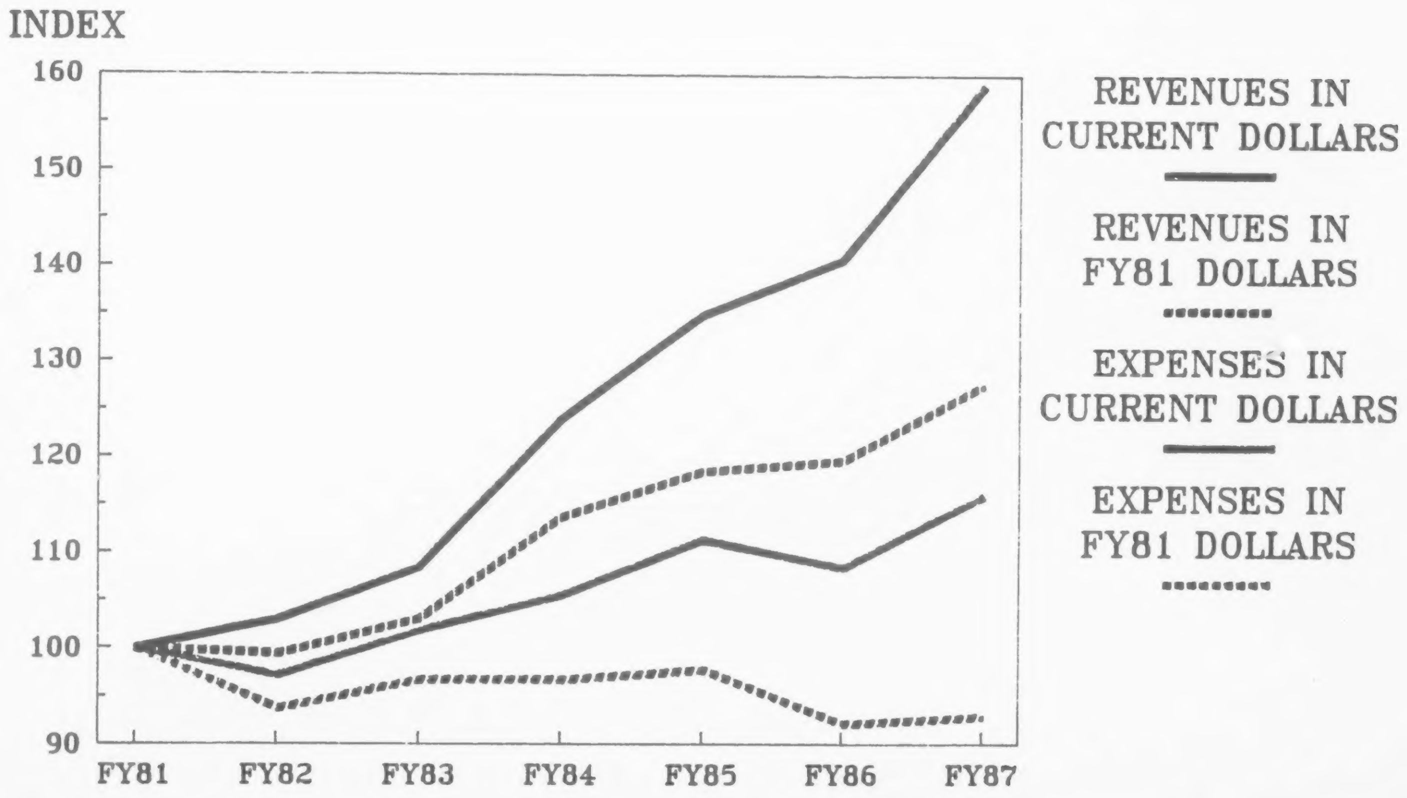

CHART 5

COMPARATIVE CHANGE IN REVENUE TO COST RATIO

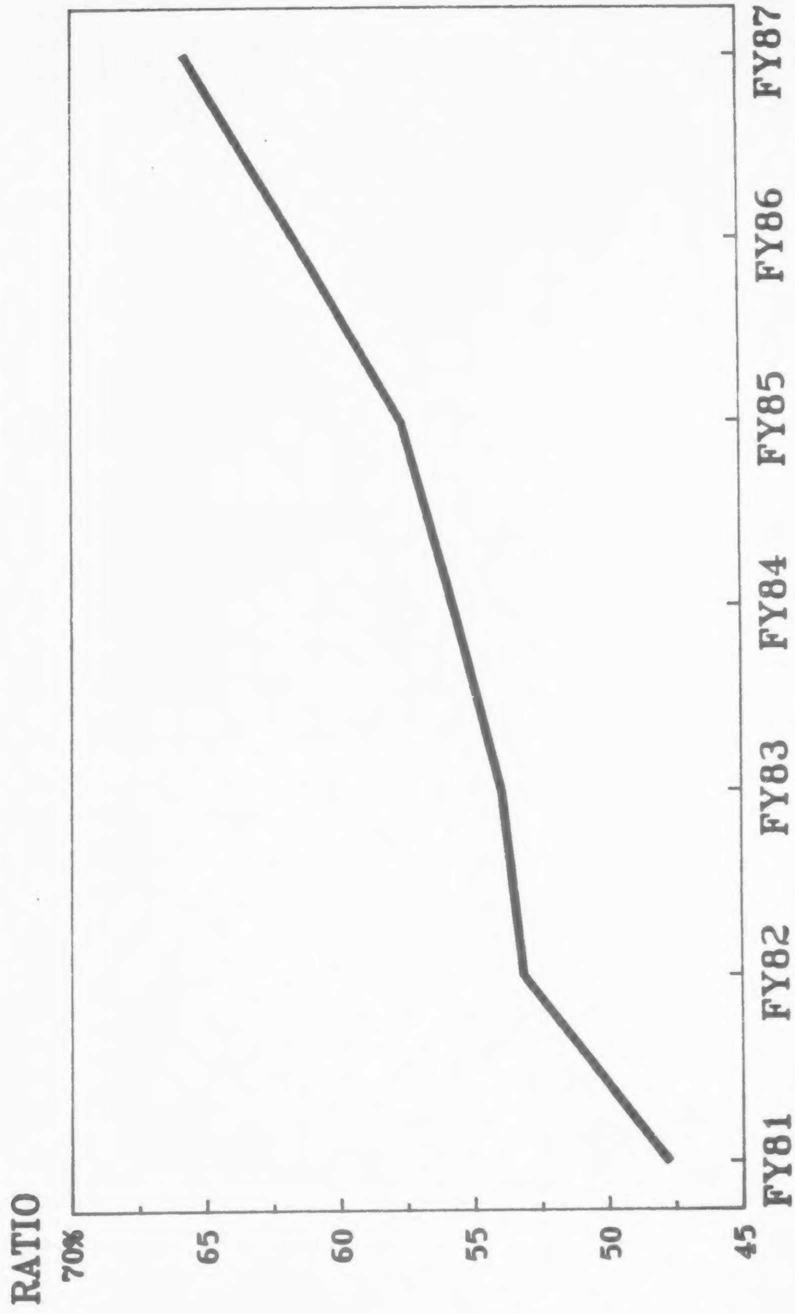

CHART 6

COMPARATIVE CHANGE IN ROUTE REVENUE TO SHORT-TERM AVOIDABLE COST RATIO

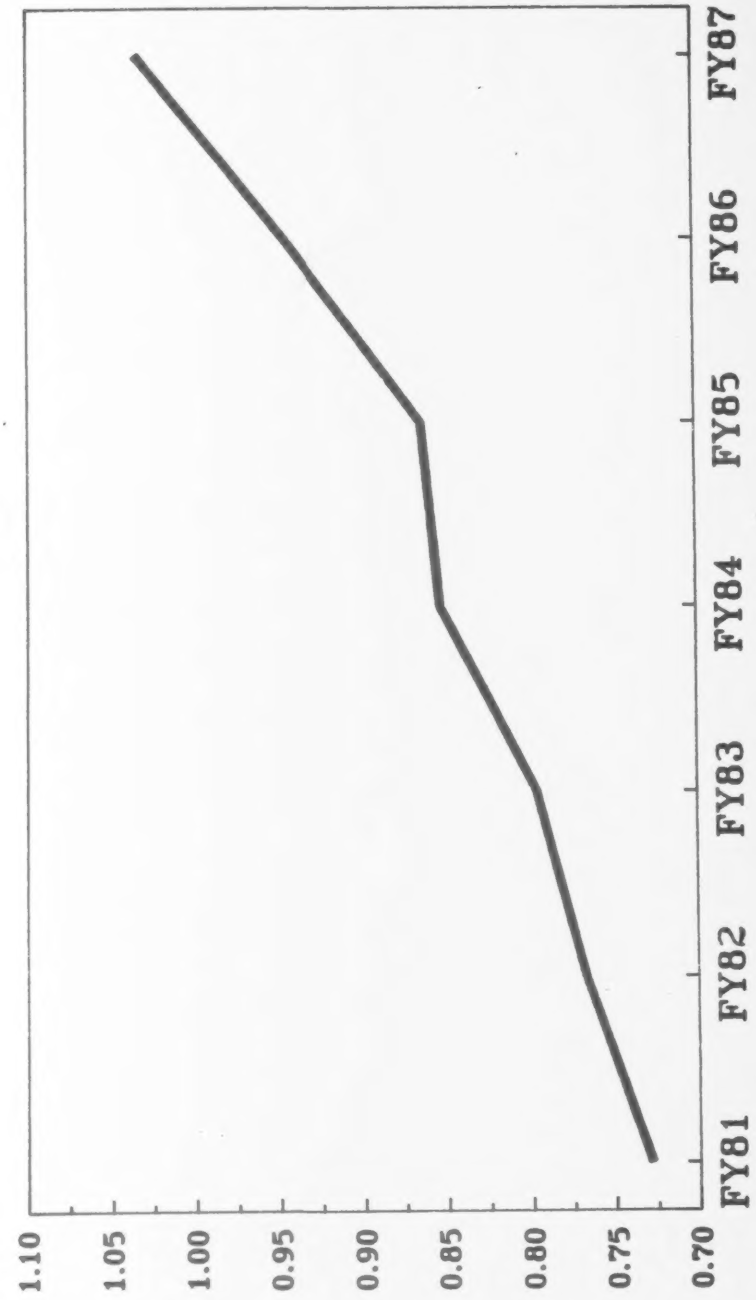

CHART 7

COMPARISON OF FEDERAL SUBSIDY IN CURRENT AND CONSTANT FY81 DOLLARS

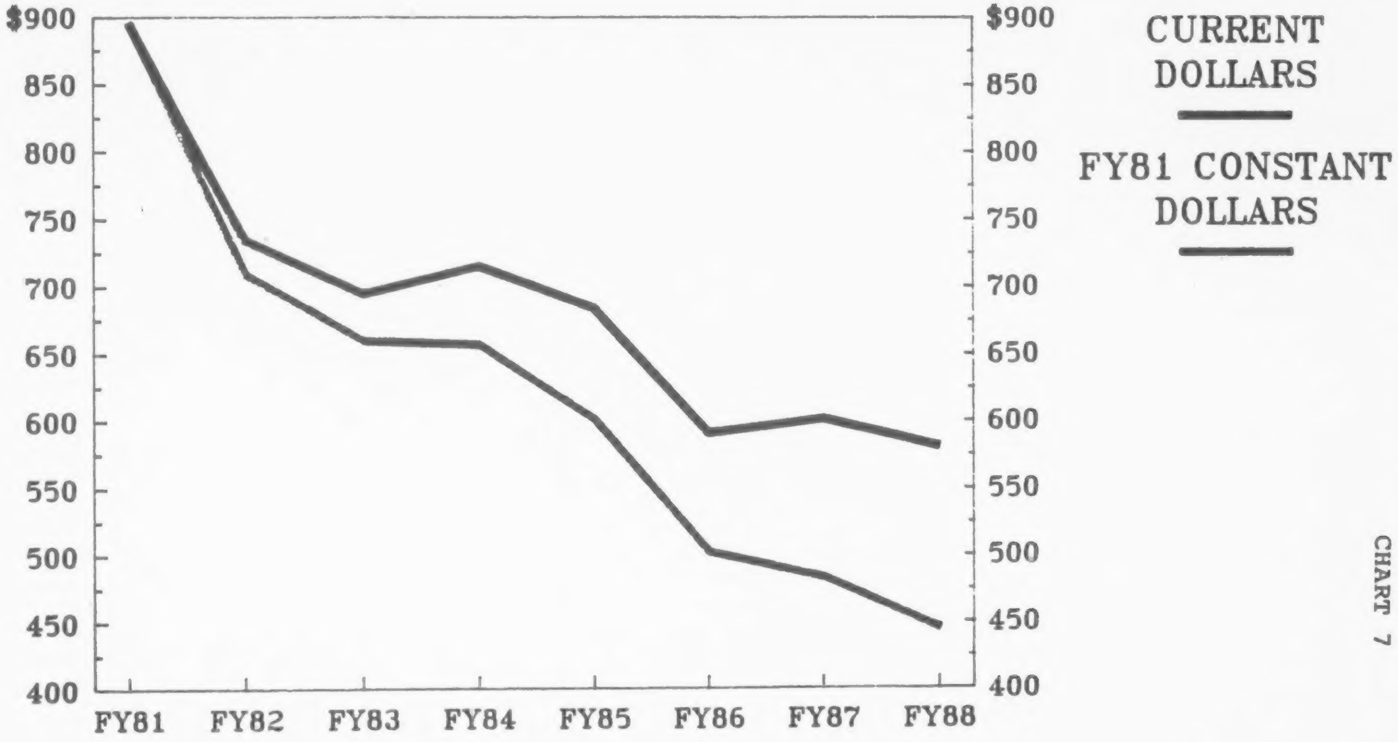

CHART 8

OPERATING AND CAPITAL PORTIONS OF AMTRAK'S FEDERAL APPROPRIATIONS
($ MILLIONS)

	OPERATING GRANT*		CAPITAL GRANT	
YEAR (FY)	CURRENT $	CONSTANT 1981 $	CURRENT $	CONSTANT 1981 $
1981	675.8	675.8	220.5	220.5
1982	558.4	526.8	176.6	166.5
1983	605.5	553.0	94.3	86.1
1984	618.1	540.7	98.3	86.0
1985	627.7	530.1	56.3	47.5
1986	588.7	495.2	2.0	1.7
1987	580.5	461.9	26.5	21.0
1988	559.5	428.3	21.3	16.3

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* Including labor protection payments.

CHART 9

Amtrak's minimum FY89 capital requirements of $103.1 million will be funded from Amtrak self-generated funds of $30.5 million and a $72.6 million capital grant.

Projects Funded by Amtrak's Self-Generated Funds:

The projects to be funded from Amtrak's self-generated funds include those required for equipment safety enhancements, contractual commitments for acquiring locomotives, vehicles, and computer equipment, and for joint participation agreements such as the West Side Connection and Washington Union Station Redevelopment.

More detailed descriptions of these projects follow:

Rolling Stock - $11.0 million

- Funds equipment safety items such as baggage rack restraints, seat locks, and locomotive recorders, as well as continuing commitments for new diesel and electric locomotives and Superliners.

Stations/On-Board Services - $6.0 million

- Jointly funded state-Amtrak projects will be funded from this amount. Amtrak vigorously encourages joint participation in these projects to expand the amount of funds available for these investments. These funds will also cover construction of new tracks, platforms, and canopy work at Washington Union Station as part of Amtrak's commitment to upgrade this facility.

Information/Communication Systems - $1.4 million

- Funds the FY89 capitalized lease payments for acquiring two major data processing machines that are essential for Amtrak day-to-day operations.

Right-of-Way - $10.1 million

- These funds will provide Amtrak's portion of three joint participation projects including constructing the West Side Connection, upgrading the track infrastructure at Penn Station, New York with the Long Island Rail Road, and installing continuous welded rail (CWR) in the San Diego Corridor.

Average Estimated IRR

Information/Communication Systems - $13.2 million

- The programs funded include replacing aging reservation system computer terminals, acquisition of new hardware to accommodate growing data processing requirements and other acquisitions to improve efficiency and reduce costs. 35

Right-of-Way - $17.1 million

- These funds cover recurring requirements to sustain the track, signal, catenary, bridge and tunnel infrastructure of the NEC, as well as fund the acquisition of maintenance support equipment. Other investments will extend NEC fencing and upgrade water and sewer systems at several locations. The main thrust of these programs is to maintain the NEC at its existing service levels. The prime benefit of these actions is to avoid higher maintenance costs in the future that would result if these investments were to be deferred. 20

Other Requirements - $7.8 million

- Projects in this category include environmental and other business investments that improve the revenue/cost ratio and are necessary to conduct everyday business activities. 20

Other Improvements - $2.0 million

- Funds the FY89 capitalized payments for three programs for acquiring vehicles essential for sustaining Amtrak's operations and maintenance activities on the NEC and other locations in Amtrak's system.

Projects Funded by the Capital Grant:

The $72.6 million capital grant will be invested in projects that continue to reduce Amtrak's operating costs, improve productivity, protect the federal investment in the NEC and increase revenue generating potential by upgrading service quality. Generally, these projects produce internal rates of return (IRR's) averaging about 20-40 percent. However, many individual projects will produce much higher returns. Funding of all these projects is essential if Amtrak is to improve its services while reducing its dependence on the federal subsidy.

More detailed descriptions of these projects follow:

	Average Estimated IRR
Rolling Stock - $16.0 million	
- Includes programs to modify Amfleet and Superliner equipment and locomotives to reduce equipment maintenance costs, increase fleet capacity and reliability and provide service quality enhancements. Also includes acquiring new mail/baggage/express cars and Capitoliner cab car conversions.	40
Maintenance Facilities - $14.5 million	
- Upgrades facilities at Sunnyside Yard, New York, Beech Grove, Ind., Bear, Delaware and Rensselaer, New York to improve efficiency and reduce costs.	20
Stations/On Board Services - $4.0 million	
- This amount will fund station projects to improve safety and service quality. Also covers commissary, crew base, and mail handling facility projects.	25

NATIONAL RAILROAD PASSENGER CORPORATION

INTEROFFICE MEMO

DATE: March 9, 1988

TO: David J. Carol

FROM: Elyse G. Wander EGW

SUBJECT: Congressional Inquiry - Re: your memo of February 29, 1988

Below is a proposed response to the Congressional inquiry on ARROW software for your review.

Over the last year, Amtrak has received a number of inquiries from other countries' railroads regarding the availability for sale of Amtrak's reservation system software. These countries include:

Canada, France, the State of New South Wales in Australia, Mexico and Sweden. Amtrak's current activities in this area include:

(1) In January of this year, IBM Australia with Amtrak as a subcontractor, responded to the State Rail Authority of New South Wales' tender for a new passenger railroad reservation system. Several companies responded to the tender and an announcement of the award is expected this May. In the IBM Australia/Amtrak bid, IBM is the prime and will provide the system hardware and Amtrak, as a subcontractor, will provide the application system software.

(2) In June of 1987, Amtrak responded to the software portion of VIA Rail Canada's request for information on reservation systems. VIA will issue a request for proposals at the end of June 1988 and VIA has asked Amtrak to submit a proposal.

(3) The French railroad, Societe Nationale des Chemins de fer Francais (SNCF), is planning to design and implement a new reservation system by 1991. Representatives of SNCF met with Amtrak for four days in February to learn more about Amtrak's reservation application system software. SNCF has asked Amtrak, along with two other companies, to submit a reservation proposal to SNCF by the end of March. From these proposals, SNCF will select a partner to assist in the design and implementation of their new reservation system.

CHART 10

NATIONAL RAILROAD PASSENGER CORPORATION
NORTHEAST CORRIDOR IMPROVEMENT PROJECT (NECIP)
FISCAL YEAR 1989 BUDGET JUSTIFICATION
($ Millions)

This request for $30.0 million for FY89 NECIP funds includes $20.4 million currently included in the authorized $2.5 billion NECIP Program, plus $9.6 million for safety projects for which authorization is included in the pending Rail Safety Bill. Should this Bill not be enacted, Amtrak will seek authority to include this list in the $2.5 billion authorized NECIP Program.

The projects selected for funding in the proposed FY89 NECIP Program represent the highest priority requirements to improve the safe operation of the Northeast Corridor.

The major programs in the FY89 NECIP request are:

Installation of CETC and related signal upgrades between Wilmington, Delaware and Newark, N.J. - Phase I	$16.0
*Communication and Signal system upgrades within the NEC to convert to color position signal lights, not included in FY88 appropriation	4.2
Track improvements within the NEC to include installation of concrete ties, CWR, and undercutting, needed in FY89 to avoid installation of additional wood ties.	2.4
*Passenger car modifications to install baggage and on-board equipment restraints, seat locks, and 480-volt receptacles. This will supplement the FY88 appropriation and will complete the installation of this equipment in NEC Amfleet cars.	3.9

*Locomotive modifications to include event recorders and cab signal/speed controls on switchers This will supplement FY88 appropriation and complete the program.	1.5
Facility improvements at the New York Sunnyside Yard to complete new engine house	2.0
TOTAL FY 1989 NECIP Request	$30.0

*Safety-related project recommended by NTSB and authorized in pending Rail Safety Bill.

SUMMARY OF EFFECTS OF ADMINISTRATION'S PROPOSED ELIMINATION OF AMTRAK FUNDING

I. IMPACT AND COST OF ZERO AMTRAK BUDGET

1. Permanent and Irrevocable Termination of Intercity Rail Passenger Service

- All service will be terminated.
- The organization will be dissolved, assets will be scrapped; once liquidated, restoration of a national rail passenger system will be prohibitively expensive.
- The United States will become the only developed country in the world with no intercity rail passenger service.

  Other industrialized nations provide substantial governmental support for intercity rail passenger transportation. In Japan, for instance, Japanese National Railways as of April 1, 1987, has long-term debts of $258 billion; service on one line alone, the Bullet Train to Niigata, lost $630 million during 1985. In contrast, Amtrak's total appropriation for FY88 was only $580.8 million.

2. Enormous Capital Waste

- $3.2 billion in modern locomotives, equipment, specialized shops, and NEC plant will be scrapped; there is little market for salvage.
- High-speed 125 MPH NEC rail lines will deteriorate or be removed.
- Railroad maintenance facilities and stations required for intercity passenger service will deteriorate or be converted to other use.

3. Immediate Unemployment Impact

- Upon termination of service, 23,000 employees will become unemployed -- 22,400 Amtrak, 600 other railroad -- in 44 states.

4. Immediate Adverse Cost Impact in Multiple Areas

- Termination of service will trigger $2.3 billion Amtrak liability for federally imposed labor protection payments to employees.

- Liability for 1989 labor payments alone will be greater than the entire 1989 Amtrak grant request.
- 1989 Amtrak labor protection liability: $737 million
- Total six-year Amtrak labor protection liability: $2.3 billion
- In addition, the railroads would have a labor protection liability of $59 million in the first year and $190 million over six years.
- Total railroad and Amtrak liability will be $ 2.49 billion.
- The liability is imposed under agreements required by federal statute, certified by the Secretary of Labor, and triggered by termination of service that would result from a zero or significantly reduced appropriation. Since Amtrak would soon be rendered insolvent, labor would turn to the Federal government as Amtrak owner and sponsor for payment. There are strong legal grounds for holding the U.S. liable for C-2 and other claims under these circumstances.
- Enormous administrative costs will fall upon the U.S. and others in terms of dealing with the Amtrak bankruptcy estate, distributing necessary properties to other users, and handling creditors.

5. Enormous Additional Cost Imposed on NEC Commuters and Freight Shippers

- Since Amtrak not only owns but maintains and operates the Northeast Corridor (NEC), shutdown of Amtrak will cause the NEC to close down unless non-Amtrak funds are promptly produced to operate it.
- New York-Washington Segment
  - The estimated FY89 total cost of maintaining and operating the NEC will be $248 million for intercity (Amtrak), commuter (NJT, SEPTA, MD DOT), and freight (Conrail, D&H) service.
  - Users now pay Amtrak a total of $77.7 million. Net additional cost of $170.3 million must be absorbed by non-Amtrak users.
  - Our estimate of the increased costs to users and commuter ridership, including non-corridor commuters using Washington Terminal, is as follows:

	Additional Cost (In Millions)	Annual Ridership (In Millions)
NJT	$48.4	27.6
SEPTA	24.7	17.5
MD DOT-Corridor	1.9	0.7
CSXT (B&O)*	2.9	1.0
Conrail**	85.1	--
D&H	7.3	--
Total	$170.3	46.8

* For NEC alone, net additional costs will be $167.4 million. When Washington Terminal costs for non-corridor CSXT commuters of $2.9 million are added, total additional costs will be $170.3 million.

** Conrail serves some 160 industries on the New York-Washington corridor, including General Motors, Ford and Chrysler auto plants, as well as DuPont, General Foods and General Electric facilities.

- New Haven-Boston Segment
  - The total cost of operating and maintaining the New Haven-Boston segment of the NEC will be $57.0 million to operate Amtrak (intercity), commuter (MBTA), and freight (Conrail, P&W, and B&M) service.
  - The net additional cost of $50.4 million will only have to be paid by users, who now pay Amtrak $6.6 million.
  - Our estimates of the increased costs to users and commuter ridership is as follows:

	Additional Cost (In Millions)	Annual Ridership (In Millions)
MBTA	$4.1	12.5
Conrail	36.3	--
P&W	1.9	--
B&M	8.1	--
Total	$50.4	12.5

  - The total of additional costs to users of the NEC will be $220.7 million, over and above $84.3 million now paid to Amtrak.

6. Harsh Effect on NEC Passengers With Limited Options

- In 1987, Amtrak carried almost twice as many passengers between and among the NEC stations of New York, Newark, Philadelphia, Wilmington, Baltimore, and Washington as all airlines combined. Amtrak carried 16,500 non-commuter passengers daily; airlines carried 9,000 non-connecting passengers daily. Last year, Amtrak surpassed Eastern airlines to become the largest carrier in the New York-Washington city pair.
- Between the end points of New York and Washington alone, Amtrak handled over 3,800, or 35 percent, of the 10,800 daily New York to Washington air and rail passengers in the last quarter for which air data was available--more than the Eastern or Pan Am shuttles. The additional air traffic between these end points alone resulting from the loss of Amtrak service would strain Washington National Airport by requiring 54 additional 70-passenger flights per day, or some 1,389,000 additional passengers per year.
- It would be physically impossible for already overcrowded New York airports to handle all of the passengers now traveling to New York by Amtrak.
- The long-term costs of substitute transportation for the Washington/New York corridor far exceed Amtrak subsidy costs.
- Amtrak often provides the sole means of transportation in the NEC during severe weather and other emergencies.

7. Harsh Effect on Low Income and Elderly Passengers

- Over half of Amtrak's riders, three-fourths of its passenger miles, and two-thirds of its revenues come from its non-corridor operations. These are largely long-haul services, whose passengers are drawn heavily from the poor and elderly:

- 36 percent of long-haul passengers have family incomes of under $20,000; 55 percent have family incomes below $30,000. (U. S. average family income $30,700).
- 40 percent of long-haul passengers are 55 and older; 22 percent of long-haul passengers are 65 and older.

8. Elimination of Public Transportation for Many Communities Where Amtrak is the Primary or Sole Transportation

(Data Source: Jan. '88 Official Airlines Guide and Jan. '88 Russell's National Motor Coach Guide)

- Amtrak serves roughly 500 communities -- more than the major airlines combined. In many areas nationwide, Amtrak is the only operating passenger service during severe weather.
- Some 114 communities served by Amtrak have no air service.
- Ninety-eight communities have no direct intercity bus service. Seventy-eight of those communities do not even have connecting surface public transportation.
- Thirty-seven Amtrak-served communities have neither air nor bus service.

9. National Defense Implications

- Amtrak has 70,000 coach seats and 6,000 sleeping car berths in daily service; 75 percent of this capacity could be made available immediately for any emergency evacuation or other such requirement, and the remainder could become available anywhere in the country in 48-72 hours.
- Termination of funding for Amtrak would in turn eliminate the national defense capability upon which Amtrak has worked closely with the Federal Emergency Management Agency (FEMA) and the Logistics Command of the U.S. Army to provide for availability in civilian or military emergencies.

10. Increase in Cost for Chicago Commuters

If Amtrak's use and support of Chicago Union Station were discontinued, Chicago's Regional Transit Authority (RTA) would be faced with an increased cost of $4.0 million per year to continue to operate its commuter service used by 98,000 commuters per day in and out of Chicago Union Station.

11. Increase in Cost for Boston Commuters

Amtrak maintains and operates the entire rail commuter service for the Boston metropolitan area. Termination of service would initially disrupt and eventually greatly increase the cost of operating these services.

II. Increasing Self-Sufficiency of Amtrak.

1. Subsidies to Amtrak Compared to Other Forms of Transportation

- The much publicized $35-per-passenger cost to the government is a misleading "salesman's gimmick." The total cost to the Federal government per air passenger is even greater.

- This kind of numbers game is highly misleading: nearly half of Amtrak's subsidy goes to support the NEC, which is a national transportation resource carrying freight and commuter service as well as intercity passenger service; if the commuters carried on the NEC are counted in the equation, the actual federal per-passenger cost falls to $8.66 for FY87.
- Reductions in federal revenue should be viewed as an increment of federal costs. Amtrak's proposed 1989 operating subsidy of $588 million will average $26 each for 21.5 million passengers. About 20 percent of Amtrak's revenue is for business travel, resulting in reduced federal income of $2.00 per passenger, making a total average Government cost of $28 per passenger.
- 65 percent of revenues of major airlines are for business travel and constitute income-tax deductions for business air passengers. These lost revenues amount to $33 per air passenger, or more than the total cost per passenger to the federal government for Amtrak passengers.
- In FY87, $2.3 billion in general funds were used to operate and maintain the air traffic control system -- similar to signaling and dispatching costs borne directly by Amtrak. This subsidy alone should be counted as several more dollars of subsidy per air passenger.
- Tax expenditures from airport construction financed by tax-free revenue bonds continue to provide an enormous additional federal subsidy to air travelers. Since FY84, these tax expenditures exceeded $1 billion.
- All public transportation is heavily subsidized. Confusingly for comparison purposes, Amtrak's subsidy is explicit, while its competitors' larger subsidies are indirect and thus hidden.
- If all competitors' subsidies were in fact eliminated, their fares would have to be substantially increased and Amtrak's fares, in turn, could be increased to cover all of its expenses.

2. In Spite of Competitor Subsidies, Amtrak's Reliance on Government Support is Being Steadily Reduced

- Between FY81 and FY88, Amtrak's appropriation for operating costs and capital have declined by 50 percent in constant dollars.
- Each year, Amtrak covers a significantly larger percentage of its total costs from its own revenues. In the last six years alone, Amtrak's revenue-to-cost ratio has improved by more than 35 percent, from .48 in FY81 to .65 in FY87.
- Amtrak's revenues are also covering more of its system short-term avoidable costs each year. A few years ago, only 62 percent of short-term avoidable (above-the-rail) costs were covered by revenues. In FY87, for the first time in Amtrak's history, over 100 percent of short-term avoidable costs were covered by revenue on a systemwide basis.

3. Despite Federal Budget Debate, Amtrak Achieved Record and Near Record Growth in its Financial Operating Performance

In fiscal year 1987:

- Revenues reached $973.5 million, up 13.0 percent over 1986 and a record high for the company. Revenues will exceed $1 billion in FY88.

- Total passenger miles per train mile -- a key volume indicator which measures the number of passengers carried per train mile -- was 177, the highest in Amtrak's history and up 9.4 percent over 1985.

- Total passengers carried on Amtrak-operated trains (including MBTA commuters) grew to 30.6 million in FY87, an increase of 50 percent from FY86. This figure is expected to exceed 34 million in FY88, and as Amtrak contracts for the maintenance and operation of more commuter services, we anticipate continued growth in the years ahead.

- Total passenger miles for the Amtrak intercity system was 5.221 billion, the highest in Amtrak's history.

January 29, 1988

NATIONAL RAILROAD PASSENGER CORPORATION 1988 LEGISLATIVE REPORT

The National Railroad Passenger Corporation ("Amtrak") submits this 1988 Legislative Report to the President and to the Congress pursuant to section 308(b) of the Rail Passenger Service Act, 45 U.S.C. 548(b). That provision directs Amtrak to make "such legislative recommendations as it deems desirable . . . ." Described in this Report is Amtrak's request for the authorization of Federal grants to Amtrak for Fiscal Year 1989, together with several legislative proposals that would enable Amtrak to reduce its requirements for Federal financial assistance. In addition, Amtrak proposes several provisions that would enable the Corporation to operate more efficiently and more competitively.

Basic Authorization for FY 1989

The Consolidated Omnibus Budget Reconciliation Act of 1986 included a three-year authorization for Amtrak in the amounts of $600 million for FY 1986, $606.1 for FY 1987, and $630.3 for FY 1988. The amounts actually appropriated by Congress for those years were considerably less -- $590.7 million, $602 million, and $580.8 million, respectively.

For FY 1989, Amtrak requests that Congress authorize Federal funding for Amtrak in the amount of $630 million. This is a minimum, bare-bones requirement that leaves unfunded over $260 million of important and badly needed capital projects and does not at all address our increasingly critical rolling stock requirements. Recognizing this nation's serious budget problem, we have decided to limit our authorization request to approximately the amount authorized (but not appropriated) for FY 1988. In spite of an anticipated increase in costs of over $65 million due to inflation, Amtrak's goal for FY 1989 is to hold our operating losses to $555 million or approximately $3 million less than the FY 1988 level of $558 million. This would leave, after anticipated labor protection payments, only $72.5 million for our capital program.

Amtrak's chronic lack of capital must be addressed if we are to continue to reduce our dependence on Federal financial support and to prevent a decline in the quality of our service. We intend to work closely with Congress on identifying mechanisms that can provide the minimum capital we need as an on-going railroad to grow and improve service. We present in this Report several statutory proposals that we estimate would together reduce Amtrak's operating costs by approximately $80 million annually if enacted. These proposals represent good public policy on the merits, are beneficial to our employees, and constitute an appropriate manner in which Congress can reduce the amount it costs Amtrak to operate national rail passenger service. In an industry like railroading, where tradition is strong, some opposition to any significant reform can be expected. Amtrak's unique position as a railroad subject to congressional oversight and dependent on Federal taxpayer dollars, however, makes it the ideal entity to test the merits of these reforms. Amtrak urges your serious consideration of these proposals and we look forward to working with the Congress and the Administration to develop ways to further reduce our dependence on Federal funding and to thereby enable us to continue our successful efforts to provide the nation with improved, reliable and energy-efficient rail passenger transportation.

1988 Legislative Proposals

Detailed below are various legislative proposals recommended by Amtrak to reduce operating expenses and to enable Amtrak to operate more efficiently. The first four include proposals that would exempt Amtrak from outdated and counterproductive Federal liability and benefit programs that are peculiar to the railroad industry and that apply to Amtrak solely because it is a railroad (although a unique one), and would also exempt Amtrak from costly liability and tort laws that should not be applied to an entity whose operating losses are borne by the Federal Government. The railroad liability and benefit programs were enacted early in this century before better, less costly state and Federal programs were established for employees of nearly every other industry. Despite these desirable alternatives, railroads by statute remain under the yoke of these programs, which exact an excessive cost on both employers and employees and artificially inflate the cost of operating rail passenger service. The remaining legislative proposals described below would enable Amtrak to use its limited resources more efficiently and effectively and thereby reduce its losses that have to be covered by Federal appropriations.

A. PROPOSALS TO REDUCE AMTRAK'S OPERATING COSTS

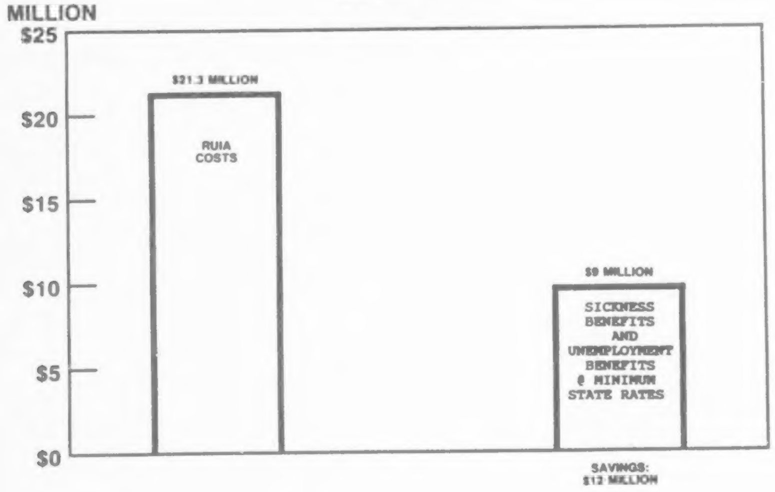
1. Exemption from the Railroad Unemployment Insurance Act. The Railroad Unemployment Insurance Act (RUIA), enacted in 1938, governs unemployment and short-term sickness benefits for Amtrak employees. Unlike Railroad Retirement, the cost of railroad unemployment insurance is not shared by both the employer and the employee, but is borne entirely by the railroad employer. In addition, the RUIA insurance premium -- the cost to the employer -- is based on the average unemployment record for the whole railroad industry, not on the record of the individual railroad. Under all state programs, the cost to the employer is determined by the employer's own unemployment record, thereby entitling him to benefit from a superior employment stability history.

Amtrak has a far more favorable employment record than the railroad industry as a whole and expects to continue this superior performance. Accordingly, Amtrak proposes that its employees be covered under individual state unemployment benefits programs rather than RUIA, and that Amtrak establish a supplemental program to duplicate the short-term sickness benefits provided by RUIA but not available under state programs.

If this proposal were adopted, Amtrak would save annually at least $12 million. In addition, employees would receive the same sickness benefits and larger unemployment benefits than presently provided under the RUIA. This proposal constitutes sound public policy: Amtrak would save money and our employees would be better protected.

As the graph below illustrates, Amtrak expects to pay over $21 million in RUIA-imposed costs during FY 1989. Under state programs, supplemented by an Amtrak short-term sickness program, Amtrak could expect significant savings.

EXCESSIVE COSTS IMPOSED ON AMTRAK UNDER RUIA FY 1989



It should be noted that all individual state unemployment programs provide maximum benefits in excess of the $25/day presently paid under RUIA. As shown below, an unemployed Amtrak worker with annual wages of $25,000 would in most cases be significantly better off under state programs:

Comparison of RUIA And Unemployment Benefits In States With High Amtrak Employment

	Weekly Benefit	Benefit Period
RUIA	$ 125	26 Weeks
New York	$ 180	26 Weeks
Massachusetts	$ 230	30 Weeks
Illinois	$ 168	26 Weeks
California	$ 166	26 Weeks
Florida	$ 200	26 Weeks
District of Columbia	$ 268	26 Weeks
Pennsylvania	$ 249	26 Weeks
Indiana	$ 161*	26 Weeks
Delaware	$ 205	26 Weeks

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* Indiana's benefits range from $96 for an individual to $161 per week for an individual with four dependents.

Amtrak submits that there are no meritorious justifications for keeping Amtrak in the existing RUIA system when the switch to state programs can so significantly reduce Amtrak's operating deficit and benefit Amtrak's employees. A draft legislative proposal providing for state coverage and requiring Amtrak to duplicate the sickness benefits provided under RUIA is annexed as Attachment 1 hereto.

2. Exemption From the Federal Employers' Liability Act.

Claims by all railroad employees for on-the-job injuries are resolved under the Federal Employers' Liability Act (FELA), an 80-year old law that predates modern state workers' compensation programs. Amtrak is proposing that jurisdiction over its employee claims be transferred for a 3-year test period to the various state workers' compensation commissions under applicable state laws, which apply to claims by almost all non-railroad employees. As shown below, FELA awards and costs against Amtrak have steadily increased over recent years to where such costs represent a significant percentage of the costs of Amtrak's operations. This increase is not due to more claims against Amtrak, but to escalating jury awards, settlements, and legal and medical fees.

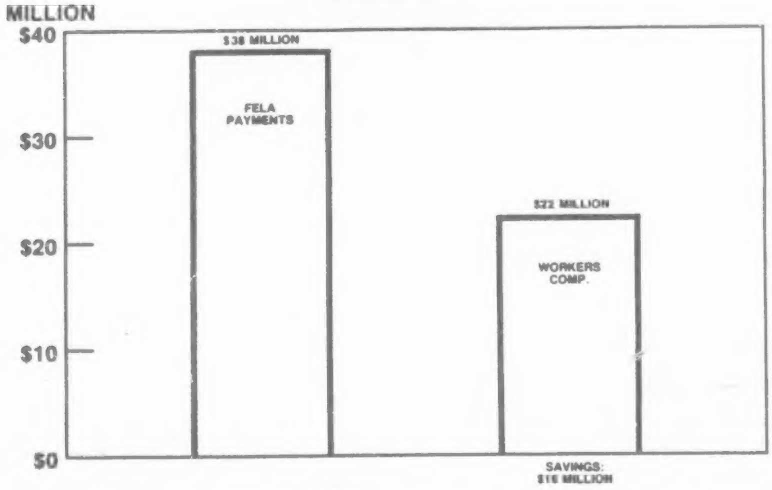
FELA PAYMENTS MADE BY CALENDAR YEAR

YEAR	AVERAGE CLAIM PAYMENT	NO. OF SETTLED CLAIMS	AVERAGE LAWSUIT PAYMENT	NO. OF SETTLED LAWSUITS	TOTAL OPEN CLAIMS & SUITS	TOTAL PAYMENT (MILLIONS)	DEFENSE LEGAL EXPENSES (MILLIONS)	MEDICAL PAYMENTS (MILLIONS)	TOTAL COST (MILLIONS)
1982	$3,311	1,500	$29,451	269		$12.9	$1.3	$1.7	$15.9
1983	3,717	1,180	40,320	292		16.2	1.9	2.5	20.6
1984	5,320	1,070	58.453	322	2,716	24.5	1.9	2.7	29.1
1985	6,096	1,225	69,671	253	2,950	25.1	1.6	3.3	30.0
1986	7,780	1,328	57,669	330	2,915	29.4	2.2	3.5	35.1
1987*	6,531	1,500	54,530	330	2,730	27.7	3.1	3.1	33.9

* ESTIMATE

FELA currently costs Amtrak over $93,000 per day in claims; in FY89, Amtrak estimates a payout of $38 million in FELA claims. However, as the graph below illustrates, based on a 1986 GAO study, Amtrak estimates it could save $16 million of this amount merely by switching to the no-fault state workers' compensation system, while at the same time providing injured employees a more fair and efficient compensation system.

EXCESSIVE COSTS IMPOSED
ON AMTRAK UNDER FELA
FY 1989



BASED ON 42 PERCENT SAVINGS UNDER GAO STUDY.

FELA forces the parties to a claim for on-the-job injury to litigate the issue of who was at fault. This focus on the issue of fault necessarily creates an adversarial relationship between the employee and Amtrak, dramatically increasing the legal fees associated with the claim. Indeed, as much as 40 percent of FELA awards go to the employee's attorney, and Amtrak's own litigation defense costs are substantial. Most unfairly of all, in the event a jury finds the employee responsible for the injury, the employee may be totally denied compensation. Moreover, by providing only lump-sum cash awards based primarily on lost wages, the FELA system strongly discourages the employee from returning to work. This frustrates our primary goal of rehabilitating our injured employees and getting them back into productive work as soon as feasible.

In contrast, the more modern and humane state workers' compensation programs in which Amtrak proposes to be included are based on a no-fault approach. They pay a fixed percentage of the employee's wages while he or she is injured, and establish a fixed schedule of benefits based on the specific injury and duration of disability. The need for costly litigation is avoided. There is no disincentive for the employee to return to work. Most importantly, both the excessive jury awards and the unfair denials of recovery due to employee fault are replaced with a system of fair, predictable compensation for the injured employee.

A 1986 GAO study entitled: "Amtrak: Comparison of Employee Injury Claims Under Federal and State Laws," found substantial cost savings for Amtrak if its employee claims for a given period had been resolved under state workers compensation laws rather than under the FELA. These savings ranged from 11 percent to 73 percent, depending on the state program, with an average savings between these extremes of 42 percent. In addition, these figures do not take into account the large savings we could obtain from reduced litigation expenses presently incurred in defending FELA cases.

Although Amtrak supports the railroad industry's proposal to eliminate the FELA for the entire industry, there are compelling arguments for first testing a non-FELA approach on Amtrak for a limited three-year period: not only are excessive FELA costs directly borne by the Federal taxpayer, but Amtrak could provide a relatively modest test case for this proposal with the requirement that resolution of its employees claims automatically revert to the FELA at the end of the three years unless Congress affirmatively acts otherwise. The best way to resolve questions such as the merits of applying workers' compensation to resolve railroad employee injury claims is by actual trial in a limited area, with the assurance that the old system would be reinstituted should the results not be sufficiently favorable to justify continuation of the change. Amtrak would recommend that after it has used the state programs to resolve employee injury claims for two years, the GAO should perform a second study in order to provide an analysis of the impact of state compensation coverage on Amtrak and its employees. In this way, the controversy surrounding FELA can be diffused and the issues can be analyzed in an informed manner, and Congress will be in a better position to determine whether FELA should be restored for Amtrak or discarded.

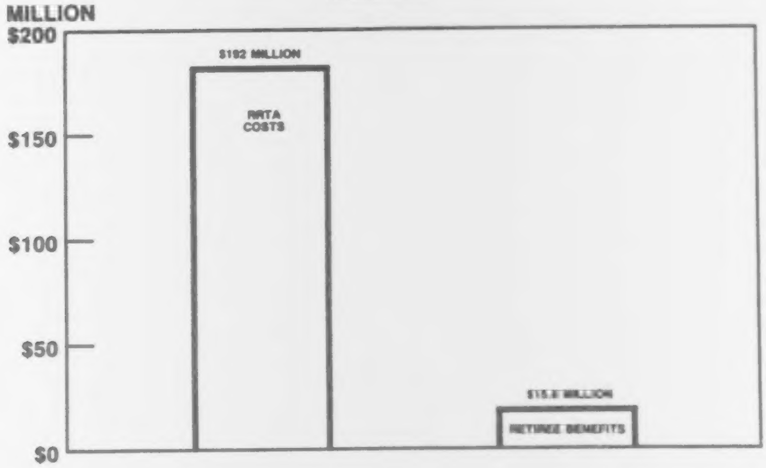
A draft legislative proposal to exempt Amtrak from the FELA for a 3-year test period is annexed as Attachment 2 hereto.

3. Exemption From the Railroad Retirement System. The Railroad Retirement Act of 1935, which predates the enactment of the Social Security system, established the primary pension program that still covers today's railroad workers. The future of the 53-year old Railroad Retirement system, however, is marginal at best without further Federal funding, because of a rapidly declining tax base combined with a steadily increasing number of beneficiaries.

Unlike ERISA-type pension programs, which are used by most companies and under which funds are collected for each employee and invested for that employee's retirement, Railroad Retirement is based on a pay-as-you go system with both the employer and the employee contributing to the costs. Amounts paid into the system are immediately used to pay the pension benefits of existing retirees. Such a system depends on a constant pool of active employees to pay the costs of retirement benefits. Unfortunately, railroad industry employment has declined dramatically in the past 30 years, and less than 300,000 employees now must pay the retirement benefits of over 1 million railroad retirees. Only Federal financial support, significantly higher payroll taxes or reduced retirement benefits -- or most likely all three -- will enable the Railroad Retirement system to remain solvent.

Railroad Retirement pays retirees a Tier I (social security equivalent) benefit and an additional Tier II amount. At today's rates, a married retired railroad worker can receive over $29,000 per year in Railroad Retirement benefits. Because the number of employees paying into the system has dramatically declined relative to the number of railroad retirees, rates charged both railroads and railroad employees have increased dramatically in recent years. Even so, without further drastic financial assistance, and whether or not Amtrak continues to be included, the Railroad Retirement system is expected to be insolvent sometime around the year 2000.

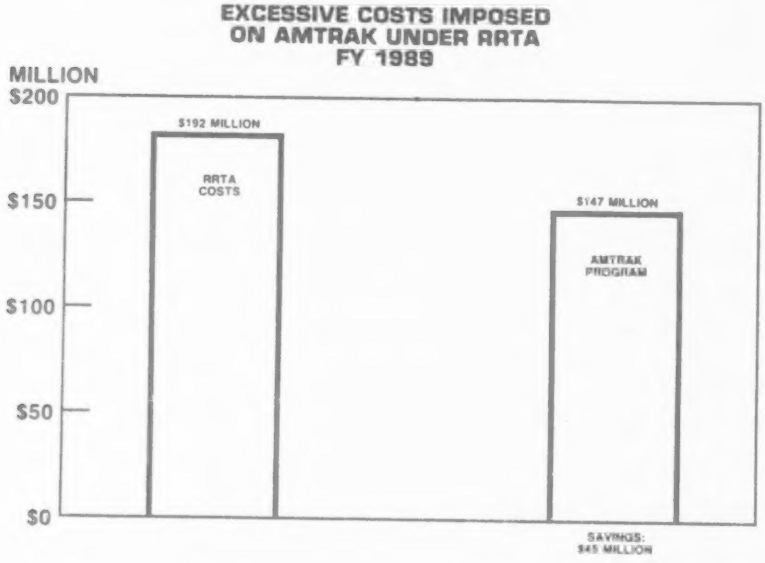
As the graph below illustrates, in FY89 Amtrak will be required to pay approximately $192 million in Tier I and Tier II taxes into the Railroad Retirement system, an amount that equals practically one-third of Amtrak's entire FY 1988 appropriations of $580.8 million. Tier II taxes alone cost Amtrak over $135 million; however, because of its young work force, only $15.6 million will actually go to Amtrak retirees.



AMOUNT OF RRTA COSTS PAID TO AMTRAK RETIREES FY 1989

A significant portion of the difference between these two sums amounts to a Federal subsidy through Amtrak of the Railroad Retirement system. This subsidy greatly increases Amtrak's apparent need for Federal support, and unfairly inflates the cost of providing intercity rail passenger service. We do not believe this subsidization of the Railroad Retirement system should be made through Amtrak's budget. By substituting a program that includes social security as well as a private ERISA-type supplemental pension program for railroad retirement, Amtrak could achieve substantial corporate savings, as well as enable employees to save up to $1,500 annually, which they now pay in Tier II payroll taxes. The elimination of the Tier II tax on employee salaries would have the added benefit of making employment at Amtrak more competitive with non-railroad employment, where no such additional taxes are levied.

An Amtrak private pension plan would be fully funded and government guaranteed, and would provide identical benefits to those now provided under Tier II of Railroad Retirement. As the graph below illustrates, by making this change in pension programs Amtrak could save as much as $45 million each year, which would directly reduce our need for Federal financial support. In addition, our employees would be assured of retirement benefits regardless of the fate of the Railroad Retirement system, and would receive the immediate benefit of reduced payroll retirement taxes.



Because there are several legislative alternatives to achieving this proposal, Amtrak has not attached any draft legislative language, but looks forward to working with the Congress on drafting appropriate language.

4. Tort Liability -- Amtrak urges that Congress consider several proposals to place reasonable limits on Amtrak's tort liability that together could save Amtrak an estimated $10 million per year. Some of these reforms would simply extend to Amtrak provisions that are already included in the Federal Tort Claims Act to protect the Federal government in tort litigation; Amtrak believes that so long as the government provides that portion of Amtrak's operating costs that are in excess of its revenues, Amtrak should be protected to the same extent as is the United States.

The first reform is a prohibition on the award of punitive damages by a court or jury against Amtrak in personal injury or death cases. The potential availability of such non-compensatory damages can greatly inflate both jury awards and the cost of settling injury cases, and thereby can directly increase Amtrak's requirement for Federal funds. Such damages are not intended to compensate the injured plaintiff, but rather to punish. In Amtrak's case, of course, the Federal government must ultimately pay for that punishment. This is inappropriate, costly, and unproductive. For sound public policy and fiscal reasons, recovery of punitive damages against the United States is prohibited under the Federal Tort Claims Act. Similarly, state law generally provides that punitive damages cannot be awarded against state commuter railroads. So long as Amtrak receives substantial Federal support, actual compensation alone of the injured plaintiff is appropriate, but punitive damages against Amtrak, charged in effect against the United States, cannot be justified.

Second, Amtrak seeks an exemption from the payment of prejudgment interest, i.e., interest on damage awards for the period between the date of injury and entry of judgment. Here, too, the United States is exempt from such interest under the Federal Tort Claims Act, because the delays between injury and judgment for which costly prejudgment interest accrues can be excessive and is generally beyond the control of the government. Since prejudgment interest charged to Amtrak ultimately must be paid by the Federal government, Amtrak also should be made exempt therefrom.

Third, a reasonable limit should be placed on the fees that attorneys who represent plaintiffs in personal injury and death actions against Amtrak may charge their clients. Such a limitation would reserve a larger proportion of any settlement or judgment for the plaintiff by reducing the sometimes unconscionably high fees charged by attorneys in tort actions.

Under the Federal Tort Claims Act, 28 U.S.C. 2678, attorneys' fees are limited to 25 percent of any judgment or any settlement of a lawsuit and 20 percent of any settlement of a claim. We propose a similar limit on attorneys' fees. Comparable limitations are found in several state statutes, and such a limitation clearly would serve the public interest.

Finally, Amtrak seeks to end the double recovery permitted under what is called the "collateral source" doctrine. Under this doctrine, evidence of benefits which a plaintiff has received or will receive to reduce compensatory damages claimed in a tort action is excluded. For example, the amount of any medical bills actually paid by health insurance may still be claimed as damages in a personal injury action and retained by the plaintiff. Likewise, a plaintiff may claim a total wage loss in a personal injury suit even though he is actually being compensated in some measure under a disability plan. The collateral source rule thus permits a plaintiff to recover twice for the same damages, once from the collateral source and once from the defendant in the tort action. There is no justification for this double recovery against Amtrak directly, or against the United States indirectly, under a tort law system that is intended only to compensate injured parties for their actual losses, not to provide windfall recoveries. Amtrak recommends that the use of the collateral source rule in personal injury and death actions against Amtrak -- the costs of which must ultimately be borne by the United States -- should be prohibited.

A draft legislative proposal that would place reasonable limits on tort claims against Amtrak is annexed as Attachment 3 hereto.

B. PROPOSALS TO ENABLE MORE EFFICIENT USE OF CORPORATE RESOURCES

1. Limitation on Environmental Liability -- When Congress transferred control of large portions of real estate formerly

owned by the bankrupt Penn Central Railroad to Amtrak in 1976, neither it nor Amtrak had any idea that some of the properties may be subject to enormous clean-up costs imposed by subsequent Federal legislation for contamination and pollution that occurred during the ownership and operation of the properties by Penn Central or its predecessor railroads. Now, some twelve years later, Amtrak may be liable for the costs of cleaning up the pollution it did not cause merely because Congress transferred ownership of the properties to Amtrak.

The cost of cleaning up a major site could be so high as to bankrupt Amtrak. For example, the price tag for cleaning up recently discovered PCB pollution at Amtrak's Paoli yard in Pennsylvania, a facility that Amtrak has never operated and which was inherited from and contaminated by the Penn Central Railroad or its predecessors and has been used exclusively by the commuter trains of the Southeast Pennsylvania Transit Authority (SEPTA), may be in excess of $30 million. Under Federal law enacted subsequent to the transfer of the yard to Amtrak, Amtrak may be forced, as the holder of title to the yard, to pay all or a portion of that cost even though it has never used it or contributed to its pollution.

Amtrak's liability for such environmental cleanup and liability costs on properties transferred to it by the United States should be limited solely to that proportion of total costs resulting from pollution, if any, caused by Amtrak. A draft legislative proposal is annexed as Attachment 4 hereto.

2. Freedom of Information Act -- Although Amtrak is not a Federal agency but a for-profit corporation under the laws of the District of Columbia, it nonetheless was made subject by Congress to the Freedom of Information Act (FOIA). That Act is designed to open up to public scrutiny the files of government agencies and to prevent the making of policy on the basis of secret procedures or documents. Under FOIA, the

public is entitled access to a very broad variety of documents and information, which must be made available unless protected under various narrow exceptions.

Application of the FOIA to an operating railroad like Amtrak has at best proved to be of marginal public benefit at a significant cost in resources and time to Amtrak, and at worst has worked to Amtrak's competitive and legal disadvantage. Experience has shown that virtually all information which the public could want about Amtrak's performance and its compliance with its statutory goals is routinely made available through other public channels. Congressional reauthorization and tne annual appropriations process provide for detailed analyses of the Corporation's past performance, projections and budgets, all of which is readily available to the public. And, recognizing its duty to keep the public well informed, Amtrak regularly disseminates substantial amounts of information through its Government and Public Affairs and its Marketing Departments. Because of the intense public scrutiny to which Amtrak already is subject, little if any public benefit is gained through FOIA applicability.

Indeed, as the chart below illustrates, the vast preponderance of FOIA requests -- 91 percent -- are not at all directed to information related to Amtrak's operating or financial performance or its corporate policies:

FREEDOM OF INFORMATION REQUESTS
PROCESSED BY AMTRAK

Source of Request	1986	1987
Commercial (bid information)	217 (89%)	285 (84%)
Legal Discovery	5 (2%)	24 (7%)
Employees Seeking Data	2 (1%)	10 (3%)
Unions Seeking Data	8 (4%)	1 (.5%)
News Media	0	7 (2%)
Federal Agencies	0	3 (1%)
Other	8 (4%)	10 (3%)
Total	230	340

Many requests are used by litigants seeking to expand the scope of discovery authorized by the court in litigation against Amtrak. These requests frequently require Amtrak to collect and provide data the production of which the court already has refused to compel, and place Amtrak at an unfair litigation disadvantage. By far, however, the greatest number of requests are for competitive information submitted to Amtrak by third parties bidding on Amtrak contracts. When such information is requested, Amtrak frequently must contact the various persons or firms who submitted the data in order to obtain their permission to release it. The inevitable result is that the initial FOIA request triggers requests by all parties who either bid or were interested in bidding on the contract. The impact can be very anticompetitive. For example, many of the requests concern bids on the supply of products which Amtrak yearly must purchase. Knowledge by potential bidders of the prices other bidders offered can have the effect of fixing or inflating the prices which Amtrak ultimately must pay. During calendar year 1987, 84 percent of the requests Amtrak received were for bid information, which impairs the competitive nature of the process and can result in inefficient use of Federal funds.

Amtrak does not believe that Congress took the unusual step of subjecting Amtrak to FOIA in order to aid bidders and litigants. Because FOIA is not needed to guarantee public access to basic operating and performance information about Amtrak, it should be made inapplicable to Amtrak through the repeal of Section 306(g) of the Rail Passenger Service Act. A draft legislative proposal is annexed as Attachment 5 hereto.

3. Limiting Labor Protection - Section 405(c) of the Rail Passenger Service Act, codified at 45 U.S.C. 565, mandated the establishment of labor protection provisions that require Amtrak, in certain circumstances, to pay a furloughed or

unemployed Amtrak employee his full salary for a period of time equal to that which he has worked for Amtrak, up to a maximum of six years. These labor protection provisions apply wherever Amtrak discontinues any intercity rail passenger service and generally must be paid not only to those not offered equivalent employment but also to any employee who declines to fill an available vacancy for which he is qualified if the position is more than 30 miles from his place of residence. Accordingly, there is almost no incentive for the employee to accept alternate Amtrak positions. The result is a requirement to pay full salaries to employees who are not working merely because they do not want to relocate even moderate distances.

This problem can be particularly acute where circumstances may make it necessary or desirable to change the route of one of our trains, either because the old route becomes unusable or because improvements or other factors enable us to use a superior or less costly alternative. Existing labor protection provisions potentially applicable to station and maintenance forces could make any such route changes so costly that they could not be considered, thereby forcing us to abandon opportunities for improved or less-costly service to the public.

In order to achieve a more equitable and efficient use of Amtrak's resources, a protected employee who has lost employment because of a discontinuance in service should be required to elect one of two options: to transfer to any bona fide vacancy (and be made whole for any compensation loss) for which he can be made qualified in any part of the corporation's system; or to accept voluntary furlough. Should an employee decide to accept a transfer to another position, moving expenses would be reimbursed by Amtrak under existing labor provisions.

This already is the case with other railroads, where, under the Washington Agreement of May 1936, successor agreements and ICC protective conditions, it is understood that employees can be expected to accept employment that requires a change in residence. Amtrak's proposed change would place it on an equal basis with other railroads. Amtrak believes that this change is fair to the employee, and will act as an incentive for the employee to seek alternate employment with Amtrak or elsewhere. A draft legislative proposal is annexed as Attached 6 hereto.

4. Preventing Secondary Boycotts Against Amtrak -- In certain situations, it may not be unlawful for striking employees of one railroad to engage in sympathy strikes or "secondary boycotts" against other railroads. By this means, employees of one railroad can draw widespread attention to an otherwise small, unnoticed labor dispute. Use of this type of concerted economic action by employees of freight railroads against Amtrak -- which could stop all intercity rail passenger service, MBTA commuter service, and all commuter and freight service on the Northeast Corridor -- would have a disastrous national impact. It is for this reason that Amtrak may in fact be an attractive target for such secondary boycotts called against it in disputes between labor and some other railroad.

Unlike the rail freight or air travel industries, which consist of many companies able to continue business in the event of a strike against one or more of those companies, Amtrak is the only intercity rail passenger carrier in the nation, and the owner of the busiest rail corridor in the country. A secondary boycott against Amtrak -- a sympathy strike called not because of any Amtrak labor dispute, but to highlight a labor dispute against some other railroad -- would shut down national rail passenger service and the Corridor. The result could be to strand millions of passengers and commuters, and cripple significant economic activities in several areas of the country.

Amtrak is seeking merely to prevent labor disputes against freight railroads from shutting down this nation's intercity and commuter rail passenger systems and to prevent any attempt to hold rail passenger service hostage to a rail freight labor dispute.

When Congress provided for the creation of a corporation called Amtrak Commuter in 1981 to assume Conrail's commuter operations, it specifically foresaw the dangers of secondary boycotts against Amtrak Commuter resulting from disputes between Conrail and its employees. It therefore made Amtrak Commuter and commuter authorities exempt from otherwise legal secondary boycotts. Amtrak believes the same rationale applies to an even greater extent to its intercity rail operations, and similar statutory language, made applicable to Amtrak as well as Amtrak Commuter, is accordingly annexed as Attachment 7 hereto.

5. Transfers Between Amtrak and Conrail. In 1981, pursuant to the Northeast Rail Service Act (NERSA), the Consolidated Rail Corporation (Conrail) ceased operating intercity rail passenger service on the Northeast Corridor. To protect Conrail workers employed in its passenger operations from losing their jobs, NERSA provided that Conrail employees with seniority on the Northeast Corridor in both freight and passenger service from prior to January 1, 1983, could transfer to Amtrak passenger service. Section 1165(a) of NERSA specifically provides that Conrail employees can transfer to Amtrak and back again to Conrail every six months. Now, some seven years later, employees are still entitled to such bi-annual transfers.

This right to flow back and forth between Amtrak and Conrail creates additional costs for both companies. Since 1983, approximately 350 Conrail employees have from time to time elected to transfer to Amtrak, displacing junior Amtrak employees, and some 225 Amtrak employees have voluntarily, or because displaced by senior Conrail employees, transferred back to Conrail. Some employees have moved back and forth as many as four times. Such transfers complicate and increase the cost of staffing and provide for instability and a lack of job security in the work place.

Since 1986, a much fairer and less costly system, negotiated through collective bargaining, has governed Amtrak's takeover of engineers and trainmen from railroads outside the Northeast Corridor. Under this system, employees from the railroads wishing to work for Amtrak bid on Amtrak positions with the right for six months to return to their former railroad with retained seniority. After the six months expire, the employees cannot return to their former railroad unless furloughed by Amtrak.

Amtrak proposes that section 1165(a) of NERSA be amended to limit affected employees thereafter to a one-time election to transfer to and from Amtrak employment. This would bring Northeast Corridor practices in line with those negotiated with non-Northeast Corridor employees recently taken over by Amtrak. A draft legislative proposal amending NERSA is annexed as Attachment 8 hereto.

CONCLUSION

As the Congress considers Amtrak's requested authorization and legislative proposals, the importance of capital investment to Amtrak's future cannot be understated. Decisions by many of the nation's railroads in the 1960s not to invest capital in rail passenger service resulted in the near collapse of such service and the need for this nation to invest heavily in rebuilding national rail passenger service. Fortunately, this nation has since made dramatic progress in creating an efficient, modern and energy efficient rail passenger system. Amtrak's employees are dedicated to continuing this progress at less cost to the government. With a Federal commitment to a modest capital program, we can make America's rail passenger system the best in the world. We look forward to that challenge.

ATTACHMENT 1

Unemployment and Sickness Benefits

Sec. 1. Exclusion of Corporation from Railroad Unemployment Insurance Act and Termination of Railroad Unemployment Insurance Coverage of Amtrak Employees.

(a) Subsection (a) of Section 351 of title 45, United States Code, is amended by inserting immediately after the phrase ": Provided, however, that the term 'employer' shall not include" the phrase "the National Railroad Passenger Corporation, or any subsidiary thereof, or".

(b) Section 3323 of the Internal Revenue Code of 1986 is amended by adding the following new subsection: "(g) The tax imposed by this chapter shall not apply to the National Railroad Passenger Corporation or any subsidiary thereof."

(c) On and after the effective date hereof, no employee of the National Railroad Passenger Corporation, or any subsidiary thereof, shall have any rights to unemployment compensation or sickness benefits under the Railroad Unemployment Insurance Act for any week beginning on or after such effective date.

Sec. 2. Subjecting the Corporation to State and Local Unemployment Tax.

(a) Notwithstanding section 546b of title 45, the National Railroad Passenger Corporation and any subsidiary thereof will be liable for state and local unemployment taxes on the same terms and conditions generally applicable to other employers covered by the State law, and from the commencement of coverage under the State law shall be assigned the minimum contribution rate.

(b) The Railroad Retirement Board shall promptly furnish to any State agency any information from its records that is requested by the State agency, concerning claims by employees of the National Railroad Passenger Corporation, or any subsidiary thereof, notwithstanding any provision of Federal law that may impose limitations on the disclosure or release of such information.

Sec. 3. Entitlement To State Unemployment Benefits.

No state shall deny compensation of unemployment benefits to any individual by reason of employment with the National Railroad Passenger Corporation, or any subsidiary thereof. Each state shall provide for the payment of compensation for any week of unemployment of an employee of the National Railroad Passenger Corporation, or any subsidiary thereof, beginning on or after the effective date, on the basis of services and wages covered by the state law combined with any previously uncovered services and previously uncovered wages within the state's base period. For purposes of this section, previously uncovered services and wages shall be treated in the same manner and given the same effect as if covered by the state law, in determining eligibility for and the amount of compensation payable. Compensation for any week of unemployment for any such employee who, on the effective date, has an unexpired benefit year under the Railroad Unemployment Insurance Act, shall be paid as if covered under the Railroad Unemployment Insurance Act, until after such benefit year ends and a state shall not take a new claim from, or pay compensation under the state law to any such employee.

Sec. 4. State Entitlement to Reimbursement.

(a) Each State which pays compensation to an individual pursuant to this Act based in whole or in part on previously uncovered services and wages shall be entitled to payment from the Railroad Unemployment Insurance account in the Unemployment Trust Fund established by section 904 of the Social Security Act in the amount which bears the same ratio to the amount of such compensation as the amount of the individual's base period wages which are previously uncovered wages bears to the total amount of the individual's base period wages.

(b) A State shall not be entitled to a payment under this subsection in respect of any compensation for which the State is entitled to reimbursement under the provisions of any Federal law other than this title or the Federal-State Extended Unemployment Compensation Act of 1970.

Sec. 5. Definition of Previously Uncovered Services and Wages. The terms "previously uncovered services" and "previously uncovered wages" mean services and the wages for such services that were not previously covered by the State law but which were covered under the Railroad Unemployment Insurance Act, except that the term shall not include any services or wages that were used in a prior claim under the Railroad Unemployment Insurance Act, and the term "wages" may be defined by a State law to exclude remuneration other than wages as defined in the State law at the time the remuneration was earned or paid.

Sec. 6. Railroad Sickness Benefits.

The Corporation shall provide for the payment of sickness benefits to employees in an amount equivalent to those benefits paid to railroad employees pursuant to the Railroad Unemployment Insurance Act, 45 U.S.C. 351 *et seq.*

Sec. 7. Effective Date.

The amendments made by this Act shall apply to remuneration paid after December 31, 1988, for services performed after such date.

ATTACHMENT 2

Three-Year FELA Exemption

The Rail Passenger Service Act is amended by adding thereto the following new Title XI:

TITLE XI

LIABILITY FOR INJURIES

Section 1101. Definitions. For purposes of this title only, the following terms shall have the meaning specified below:

(1)"Primary entitlement to benefits" means the combined entitlement of any employee of the Corporation to annuities or other benefits under a) the Railroad Retirement Act of 1974, 45

U.S.C. 231 et seq., b) the Railroad Unemployment Insurance Act, 45 U.S.C. 351 et seq., c) the Social Security Act, 42 U.S.C. 301 et seq., d) any publicly funded benefits program, and e) any program of of retirement, disability, or medical benefits paid for in whole or in part by the Corporation.

(2) "Principal place of employment" of an employee of the Corporation means the state in which the employee normally reported for duty at the time when the events occurred that caused or contributed to the injury or death that is the subject of a work-related claim. Notwithstanding the preceding sentence, if an injury or death giving rise to a work-related claim is caused by cumulative events or is determined to be an occupational disease, the principal place of employment with respect to such claim shall be the state in which the employee normally reported for duty at the time the claim was filed. If there is no single state where the employee normally reported for duty, the principal place of employment shall be the state in which the office of the employee's immediate supervisor was located.

(3) "Railroad" means any railroad, transportation authority or other entity with which the Corporation has contracted for provision of services or use of tracks and facilities, and includes the officers, agents, servants, subsidiaries, and employees of such organizations.

(4) "Work-related claim" means a claim against the Corporation or a railroad by or with respect to an employee of the Corporation for injury, death, or occupational disease arising out of and in the course of the employee's employment.

(5) "Workers' compensation law" means the legal standards and procedures established in a state for handling claims by or with respect to employees in general in that state for injuries or death arising out of and in the course of their employment, but shall not include legal standards or procedures limited to one or more specific industries, trades, or professions.

Section 1102. Employee Injuries

(a) Notwithstanding any provision of law excluding railroad employees from coverage by a state's workers' compensation law or authorizing a railroad employee to bring a tort claim against a railroad, any work-related claim shall be governed by the workers' compensation law of the state in which the employee's principal place of employment is located. An employee shall be entitled to benefits under a workers' compensation law only to the extent that the amount of benefits under such law exceeds his or her primary entitlement to benefits.

(b) The provisions of the Federal Employers' Liability Act (45. U.S.C. 51 et seq.) shall not apply to work-related claims governed by this title, and the applicable state workers' compensation law shall be the exclusive remedy with regard to work-related claims by employees of the Corporation against the Corporation or a railroad.

(c) This title shall apply to (i) all work-related claims caused in whole or in part by activities that occurred in the course of the employment relationship and occurred between October 1, 1988 and September 30, 1991, and (ii) all claims for occupational disease filed during the period commencing with the date of enactment of this title and ending three years after the date of enactment.

(d) Notwithstanding any requirements contained in the workers' compensation law of any state, including requirements for bonding and licensing, the Corporation shall be deemed qualified to self-insure for workers' compensation coverage under the laws of all states, and no state shall deny workers' compensation benefits to an employee of the Corporation based upon a failure of the Corporation to comply with such qualification requirements.

(e) Notwithstanding Section 306(n) of this Act or any other provision of law to the contrary, the Corporation shall be subject to the workers' compensation taxes and assessments of a state in the same manner and to the same extent as any other self-insured entity doing business within the state that is governed by the workers' compensation law of that state.

ATTACHMENT 3

Tort Liability

The Rail Passenger Service Act is amended by adding to Title XI the following new section:

"Section 1103. Limitations on Liability

(a) Notwithstanding any provision of law to the contrary, in any civil action for personal injury or death tried on or after the date of enactment of this title, punitive damages shall not be awarded against the Corporation or a railroad in connection with operations conducted by or on behalf of the Corporation.

(b) Notwithstanding any provision of law to the contrary, the Corporation or a railroad shall not be liable for interest prior to judgment on a claim arising out of activities performed by or for the Corporation. Any interest payable by the Corporation or other person on a judgment on a claim arising out of activities performed by or on behalf of the Corporation shall be at a rate equal to the coupon issue yield equivalent (as determined by the Secretary of the Treasury) of the average accepted auction price for the last auction of fifty-two week United States Treasury bills settled immediately before the date of the judgment.

(c) For any cause of action accruing on or after the date of enactment of this title against the Corporation or a railroad in connection with operations conducted by or on behalf of the Corporation, no attorney shall charge, demand, receive, or collect for services rendered fees in excess of 25 percent of the amount of any judgment or any settlement of a lawsuit or 20 percent of the amount of any award, compromise or settlement of any claim. Any contract or agreement in conflict with these provisions shall be null and void.

(d) Notwithstanding any evidentiary rule or law to the contrary, in any civil action tried on or after the date of enactment of this title, no person shall be awarded damages against the Corporation or a railroad in connection with operations conducted by or on behalf of the Corporation to the extent that the amount of such damages actually suffered by that person has been or will be reduced by benefits for which the person is eligible under state or Federal law or under a health insurance or disability plan paid for, in any part, by any person other than the person bringing the action.

ATTACHMENT 4

Section 306 of the Rail Passenger Service Act, 45 U.S.C. 546, is amended by adding the following new subsection (o):

"(o) Environmental Liability

The Corporation shall only be liable under section 107 of the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. 9607, for any release or threatened release of a hazardous substance or for any damages resulting therefrom at any property which was acquired by the Corporation by a deed, lease or bill of sale and assignment executed as of or prior to April 1, 1976, for that portion of the total liability for any such release, threatened release or damage resulting therefrom which actually was generated by the Corporation or caused by the Corporation as a transporter of hazardous substances.

ATTACHMENT 5

Freedom of Information Act

Section 306(g) of the Rail Passenger Service Act, codified at 45 U.S.C. 546(g), is repealed.

ATTACHMENT 6

Protective Arrangements Options

Section 405 of the Rail Passenger Service Act, codified at 45 U.S.C. 565, is amended as follows:

1. The following new subsection (g) is added:

   "The Corporation may require a protected employee who has been deprived of employment to transfer to any vacancy for which the employee can be made qualified on any part of the Corporation's system and such employee shall then be governed by the collective bargaining agreement applicable on the seniority district to which he is transferred. If such transfer requires a change in residence, a protected employee shall choose (i) to transfer to the position and continue to be covered by the protective provisions of the collective bargaining agreement, or (ii) to voluntarily furlough himself at his home location and receive no protective benefits."

ATTACHMENT 7

Strikes Interfering With Amtrak Rail Passenger Service

Section 1158(b) of the Northeast Rail Service act of 1981, P.L. 97-35, codified at 45 U.S.C. 1108, is deleted and the following new subsection (b) inserted in lieu thereof:

> "Any person engaging in concerted economic action over disputes arising out of freight or commuter operations provided by any railroad other than Amtrak, or by any transportation or commuter authority, shall not be entitled as part thereof to engage in any strike against, or otherwise induce any employee of, Amtrak, Amtrak Commuter or any other unrelated commuter authority to refrain from working, where an effect thereof is to interfere with rail passenger service."

ATTACHMENT 8

Updating NERSA Section 1165(a)

Section 1165(a) of the Northeast Rail Service Act of 1981 is deleted and the following new subsection (a) inserted in lieu thereof:

> "(a) After January 1, 1983, Conrail shall be relieved of the responsibility to provide crews for intercity passenger service on the Northeast Corridor. Employees with seniority in both freight and passenger service shall commence negotiations with Conrail and Amtrak

> within 120 days of the enactment of this subsection for a modification of existing agreements providing for the right of such employees to move to and from Amtrak and Conrail service. Said modification shall ensure that each such employee can continue to accumulate and to retain seniority with both Conrail and Amtrak, but may elect to move from one service to the other and, after a reasonable trial period, back again only a single time, unless unable to hold a position on the carrier such employee has chosen. If agreement with the carriers cannot be reached within 360 days, such matter shall be submitted to binding arbitration."

REPROGRAMMING OF FISCAL YEAR 1988 CAPITAL GRANTS

Senator LAUTENBERG. Mr. Claytor, just to make sure that the record is clear, the administration has requested $60 million for the Coast Guard, as you know.

Mr. CLAYTOR. Yes, sir.

Senator LAUTENBERG. To help fund this request, they requested taking $12.4 million of Amtrak's 1988 appropriation specifically by reducing the capital grant by 25 percent. I don't know whether it is believed at OMB that these things are surplus funds lying around and that their absence would have no effect, but it seems to me that there has to be some value to maintaining the capital programs.

I would like to know what effect, if any, this reduction would have on your plans. What perhaps would not get done if we remove these funds?

Mr. CLAYTOR. Well, significant amounts would have to be taken from the ongoing plan, some of which I mentioned. For instance, the Penn Station development in New York is a—all of these are multiyear projects. And the Penn Station development in New York—if you have been in Penn Station, you know what a disaster area it has been and still is while this construction is going on. If we take any money away from that, and it is just not going to get finished. Instead of being through next summer, which is when we presently hope that most of the work will be done, it will go on for another 2 or 3 years. I think that has an incredibly bad effect not only on our passengers and our revenue but on the public interest since the New Jersey Transit commuters and the Long Island Railroad commuters all have to go through that station too. That is part of it.

The Sunnyside Yard project—we would have to put that on hold. Of even more serious consequence would be if we take any money out of the West Side Connection, which we are doing jointly with the state of

New York, that just won't get done and perhaps New York will want to withdraw its money. The whole deal may go down the drain if I don't keep on schedule with that. And the same thing is true, of course, with our Atlantic City project with New Jersey Transit, 50–50 between us and New Jersey Transit. And if our money is pulled away from that——

Senator LAUTENBERG. That won't be affected by the $12 million, would it?

Mr. CLAYTOR. Well, our total amount in that is about $40 million. The equipment modifications are what would be most affected by reprogramming the $12.4 million, and we can't run the trains without getting our equipment modifications in. So, that would shove it back or wreck it.

So, we have got a whole batch of those things. I have not tried to prioritize where I would take it out because every one I look at would be a disaster.

Senator LAUTENBERG. Do you grow weary of fending off these assaults on your resources to get the job done?

Mr. CLAYTOR. I beg your pardon?

Senator LAUTENBERG. Do you grow weary fending off the assaults?

Mr. CLAYTOR. No. Well, I would rather devote more time to trying to come up with better ways to run the railroad and save money and to do it more efficiently and to provide even better service. I do have to spend an awful lot of time sort of running very fast to stay where we are. And I would like not to do that. But I am perfectly prepared to do it because it is better to stay alive than not to stay alive.

Senator LAUTENBERG. I would agree with that.

SUBSIDIES TO AMTRAK

Do you think rail passenger service in the country will ever get to the point where subsidies are no longer required?

Mr. CLAYTOR. Yes; I think it could. But I think one of the factors that would be needed for that—it is going to happen to us sooner or later—is the very substantial increase in the cost of fuel. We are the most fuel efficient way to move people, as well as things. And right now in Europe, the cost of fuel for both airplanes and for automobiles is two to three times what it is here. I think that is going to happen here. I don't think it is going to happen in the next 2 or 3 years, but I think come the turn of the century, that fuel cost is probably going to be in the neighborhood of $3 or $4 a gallon.

If that happens, our cost margin for hauling people is so greatly improved, because the air transportation costs are going to have to go up to cover those fuel costs. Our fuel costs are much less. We will then be able to raise our fares to cover much closer to our costs, and I think we can do it.

But without something like that, I don't believe we can actually get to the point of breaking even on operations. But we can do a lot better than we are doing now. As I have mentioned, I would like to shoot for 75 percent within the foreseeable future and then go on from there.

SUBSIDIES TO FOREIGN RAILROADS

Senator LAUTENBERG. Are there any countries that have similar economic structures to ours where the rail passenger service subsidy is smaller than America's?

Mr. CLAYTOR. I don't know of any. I think it is basically greater everywhere. In Canada, they have a smaller operation. So, I'm not sure. Their total subsidy may be less than ours.

We have a revenue-to-cost ratio, as I say, this year hopefully, of better than two-thirds, 67 percent. In Canada, it's about 29 or 30 percent. So, we are twice as efficient as they are.

Senator LAUTENBERG. How about the United Kingdom?

Mr. CLAYTOR. The United Kingdom is in billions of dollars of subsidy, so is Germany, so is France, and so is Japan. I know of no other country in the world that has as small a subsidy for its rail passenger service, or its rail service for that matter, as we do.

Senator LAUTENBERG. We are talking proportionately.

Mr. CLAYTOR. Yes, sir.

Senator LAUTENBERG. We're not talking about absolute figures.

Mr. CLAYTOR. That's right. Most of those are relatively small countries. We are nationwide, 25,000 route-miles of passenger service.

Senator LAUTENBERG. Their requirements for rail service, of course, are much more acute than ours because they don't have the road capacity to do those things.

But despite that, you are saying that to your knowledge the United States has the largest ratio, passenger fares-to-revenue.

Mr. CLAYTOR. I think it does, yes, sir.

IMPORTANCE OF RAIL PASSENGER SERVICE

Senator LAUTENBERG. What does Amtrak contribute to the country? Why should we continue to struggle with it? We have lots of highways. We have lots of aviation carriers. We have all kinds of things.

Mr. CLAYTOR. I think that we should look at it in two separate segments. First, in the Northeast corridor we now carry about 35 percent of all the passengers between the end points of Washington and New York versus the airlines. That is the total airline plus rail passenger. We have 35 percent of that market. We have about 70 percent or better of the market between New York, Washington and the intermediate points of Philadelphia, Wilmington, Trenton, and the like.

If we stopped operating over the Northeast corridor, I don't believe it could be handled. It would take some 54 additional flights a day to handle just the passengers between New York and Washington. And, of course, it is said that there is plenty of capacity unused in the airline industry. Well, that is between 1 and 5 o'clock in the morning. I'm sure it is. But all of these people are going to be going at basically peak hours. National Airport couldn't handle it. LaGuardia couldn't handle it. What would happen if that occurred would be enormous pressure to spend maybe $15 or $20 billion building new airports and associated highway facilities to reach them. And even that is not going to do the job because the air is getting saturated; that is, the air traffic in the sky is getting saturated. I just don't think we could get by with it.

Now, when you get outside the corridor, we have literally dozens of places that rely on our rail service as the only public transportation they have. In one of the House hearings we had the mayor of Hastings, NE, who pointed out at length that, although they have two trains a day that go through the town at 3 and 4 o'clock in the morning, a very inconvenient time, it is the only reliable service they have to either Denver to the west or Omaha to the east. That is true of hundreds of places around the country.

Senator LAUTENBERG. I think the argument has to continue to be made based on the relationship of rail service to the rest of our transportation network. Otherwise, it gets obscured. You know the insinuations, the inferences, the innuendo about the high wage earner using rail service as their convenient method. I'm talking about carrying passengers from a higher income, suburban community to another high income community. And there is a mythology out there that at least is trying to be created. I think most people understand it. The rail passengers certainly understand it. People in government in the states around these crowded areas certainly understand it. And yet, the message doesn't seem to get through.

And that's why I asked you what I did because we have to compare it to what's available. We spend $2 billion a year now in aviation subsidy—$2 billion.

Mr. CLAYTOR. That's correct.

Senator LAUTENBERG. People tend to forget that, and there are lots of people making money in the process as a result of that. Well, fine. That's a good place for private enterprise to operate.

But here we are talking about substantially less subsidy that results in lots of savings. And I think it is fair to say states like New Jersey and Connecticut and New York and Pennsylvania all have an advantage as a result of having the infrastructure resulting from Amtrak and reducing the fare cost there.

Mr. CLAYTOR. No question.

NEC RIDERSHIP

I was curious. Do you know offhand the passenger load carried by air between New York and Washington and by rail? I know you know what the rail is. What are you carrying?

Mr. CLAYTOR. We carry 35 percent of the total rail and air passengers between New York and Washington.

Senator LAUTENBERG. So, they're carrying two-thirds and you are carrying one-third?

Mr. CLAYTOR. They are carrying two-thirds. But we carry more than either the Eastern shuttle or the Pan Am shuttle. They carry roughly two-thirds. Now, that percentage has been going up every year. Last year it was only 30 percent. And I think it is going to continue to go up. It would go up even faster if we had the money to get more equipment and could operate more nonstop trains from New York to Washington. We have just one today. We can't put in any more because we don't have the equipment. If I had more equipment and could give that additional service, I think we would pick up significantly more people on that. But if you look at between New York, Washington, and the intermediate points, we have essentially all of it because there isn't any way, unless you drive your own automobile, to get from New York to Wilmington, for instance.

REDUCING AMTRAK'S SUBSIDY

Senator LAUTENBERG. The administration maintains that a number of changes could reduce your subsidy down to the $450 million range. What are the major changes that could reduce Amtrak's reliance on the Federal subsidy?

Mr. CLAYTOR. First of all, I would like to say that the reason we do not have a loss of $450 million or less today is entirely due to inflation. In real terms in 1981 dollars, our loss today is only $428 million. So, we have reduced it to that were it not for inflation. But let's take current dollars. I think we will be down at $450 million or less in another 3 or 4 years at the rate we are going unless we are denied all capital improvements. So, we'll be there. We are not there now.

TERMINATING SERVICE

Now, if you suddenly try to take $100 million out of our operation in one fell swoop like this year, I think it would put us under. For example, one way to do this, the first thing you would look at, is to take the three or four long-distance trains that lose the most money and take them off. That would save $80 million. If we did that, we would then have to pay labor protection for discontinuance of service to all the people involved. That would amount to about $70 million of the $80 million you would save. So, you wouldn't get there.

TRIWEEKLY SERVICE

Another way to do it might be we can reduce frequencies as distinguished from discontinuing service. If we took all of our daily long-distance trains and put them on three-times-a-week service, we probably could manage to cut the losses of maybe another $100 million. It would destroy our service. It would take us 5 years to recover. The passengers would be turned off. Unless people can go every day, they don't want to go. They will find other ways to go. And I think that would destroy the company.

Now, the only way we could approach this—there is one other way.

Senator LAUTENBERG. Why would that destroy the company? If you cut your losses, wouldn't that improve the company?

Mr. CLAYTOR. Well, we are now offering—you can only go to Chicago on Monday, Wednesday, and Friday. Most people who are going to Chicago would look at such a sparse schedule and quit going. And over the years, we would lose considerable ridership. We could not then get that back by returning one day to daily service having once driven all the people away. I think it would put us under.

The one way we can do this is to enact the legislative program we proposed. That would save us $80 million. That's most of it. I don't think that is going to happen. There are a number of controversial things there, but that is a way to do it. That is the only way I can see to do it without really putting the company under.

Senator LAUTENBERG. Of course, there has been a lot of criticism about the long-distance service. And I think that we have to be realistic about what the value is for that service. I personally think it is essential that we have an interconnected rail system throughout the country. But the pressure is on. They are asking where it is that you can save and why not eliminate and so forth. I think we have to have a cogent argument that talks to the structure of Amtrak altogether. I assume that there are all kinds of other parts of the system that are connected in their operational aspects as a result of the long-distance service.

Mr. CLAYTOR. That's right.

PRIVATIZATION COMMISSION RECOMMENDATIONS

Senator LAUTENBERG. Has Amtrak reviewed the President's Privatization Commission's recommendations?

Mr. CLAYTOR. Yes, sir; I have responded to that in my testimony there. But I could take 5 minutes to deal with those recommendations if you would like.

First of all, they improperly state that Amtrak's improved financial performance is primarily a result not of revenue increases, but of cost decreases. And I've got a chart in my testimony that shows that our revenue increases have gone up 60 percent since 1981. So, they start off with a bad premise right away.

Then the statement that Amtrak loses some $40 million on its food and beverage service. That is not correct. If we did not have food service on our long-distance trains, I would say we would lose at least one-third or more of our passengers. You don't get on a train for 24 or 48 hours and have no food. So, I consider that we make a profit on our food service because the revenues that we get from our passengers are dependent upon having that food service. So, the idea that this is a loss is ridiculous. As a matter of fact, we don't even directly charge our first-class passengers for food. Food is included in the ticket price. We charge our coach passengers for food, but our first-class passengers——

Senator LAUTENBERG. How much first-class service is there?

Mr. CLAYTOR. It's very significant. All our long-distance trains carry one to three sleeping cars. So, it is on all of our long-distance trains. It's a significant amount.

We have increased our revenues since we put the cost of meals in the ticket price by several million dollars. Just the availability of the food as part of the ticket price has been an attractive feature. No dining car service in the United States in the palmiest days of rail travel ever broke even. The problem is the cost of serving the food on a train. It's so much more than the cost of serving the food in a restaurant.

And no railroad ever considered that dining car service was anything but an essential part of rail service, the same way as providing a seat or a berth or having the wheels work. It's just an essential cost of providing passenger service. And the idea of trying to separate it out and saying you should try to make a profit on it makes no sense.

Now, Congress told us to do that once in 1982. We were told to cut our losses on food by 50 percent, and then the next year we were supposed to cut it all out. In trying to meet the 50 percent, we got rid of everything except microwaves. And the complaints were enormous and the passenger reduction was enormous. People just couldn't eat the food. And having absolutely inedible food was terrible.

Incidentally, some of the committees who did this got a great deal of correspondence about that too. And I told the committees that in answering correspondence I had to tell them that the only reason we were doing it was because Congress insisted on it. And it's a crazy thing to do. It was corrected.

Senator LAUTENBERG. Is there anything else in the Privatization Commission's report?

STATE-SUPPORTED SERVICE

Mr. CLAYTOR. Yes, sir; there is.

The recommendation that the states should pay full cost of section 403(b) trains—that is, the trains that they partially support. That has been proposed before. And what would happen—we checked with them all. If you suddenly said to the states you have got to pay 100 percent of the cost of these trains, the trains would all come off. They would be gone. I think that would be a mistake. They provide very important service.

Now, my own view is that the states should pay more. But you can't do it all at once. The way you should do it is to require payment of a slowly increasing proportion of the cost each year. The state legislatures have to approve this, and state legislatures frequently don't meet every year. So, you have got to give some notice. My thought would be that it would be perfectly feasible to require the states gradually—say each year, beginning 2 years from now so the state legislatures have a chance to handle the matter—to pay an increase in their proportion of the costs they bear by 3 to 5 percent a year and keep going until they cover it all, but on a gradual basis. I think that might be feasible. But to cut it out the way it is proposed here would just kill the service. That's all. State-rupported rail passenger service would immediately cease.

STATE COMMUTER AGENCY CONTRIBUTIONS TO NEC

There is another recommendation here. It is recommended that the commuter agencies using Amtrak's facilities be required by law to pay a full share of the infrastructure cost. Now, as I have mentioned, in Pennsylvania and New Jersey, the commuters run far more trains over our tracks than we do, a bigger proportion of the service is theirs. I think we do need to do that, but I don't think it ought to be done by law. We are in the process of negotiating with New Jersey Transit now for changes in both the capital proportion and in the operating proportion. And I think that is the way we ought to go, and we are trying to do it. I think we can move in that direction slowly and reach a fair arrangement by negotiation. I don't want Congress to get into it at this time.

TRANSPORTATION TRUST FUND

And then finally, they say that we finance capital improvements. But it's very difficult to do this, to buy cars on time, if Amtrak is under a death sentence order. You don't lend money to somebody who the President says he's going to put out of business next year. We have got to get rid of this overhanging thing. And I might add the most important way to do that, and for the long pull, would be to have Amtrak and the commuter agencies included in a transportation trust fund financed by the gasoline tax. I have urged that before. I think if we had one penny of the gasoline tax for Amtrak, our future would be assured, our credit would be good, we could finance many of our capital improvements the way private railroads finance them because we would have something in back of it.

LONG-DISTANCE SERVICE

Senator LAUTENBERG. I am curious about something. On long-distance trains, why do people take a train ride 24 or 36 hours as opposed to hopping into an airplane and getting it done with?

Mr. CLAYTOR. A significant number of people don't want to fly. Some can't fly for health reasons. The demographics of our long-distance trains are that they consist very heavily of older people and very heavily of low-income people, those two groups. The so-called statement that Amtrak is operated for the rich or the business people—the business travelers on Amtrak are almost entirely the short-haul passengers in the Northeast corridor. Everyone else are people who are going on vacation, on long distances, and are interested in the ride.

Now, we attract a lot of people because this is the most pleasant way to go. If you are not time constrained, I can assure you that you would enjoy a trip from here to San Francisco on the California Zephyr a great deal more than you would flying over the top of the clouds and coming down. And a lot of people do that for that reason. It gives a choice to a lot of people as to how they want to travel, and many want to travel by train. More and more are wanting to do that all the time.

In addition, of course, we have a number of smaller communities that rely on Amtrak for their sole form of public transportation, as I mentioned.

Mr. RILEY. Senator, just a thought on the long-distance trains, since I have ridden it many times coming out of Minnesota. I think that Amtrak does not have one single market as other transportation forms do. Amtrak has a number of different markets and has to appeal to them in different ways. And while you sell time competitiveness in the corridor, on the long-distance train you are really selling the quality of the experience. The trip itself is the experience. The medium is the message in a sense. And to the extent that that is appealing, people ride it. To the extent it isn't, they don't. It's an entirely different marketing concept than corridor service.

Mr. CLAYTOR. That's quite true. Correct.

ATLANTIC CITY SERVICE

Senator LAUTENBERG. What about our Atlantic City Special, Mr. Claytor? When do you expect service to start up? Did I hear you say spring of 1989?

Mr. CLAYTOR. Mr. Sullivan, you've got the schedule right at your fingertips.

Mr. SULLIVAN. We fully anticipate having the line operational in April 1989, Mr. Chairman.

Senator LAUTENBERG. I'll have to see if I can delay my election so I can use it for a campaign train there.

Mr. SULLIVAN. We'd love to have you.

Senator LAUTENBERG. That's excellent.

So, that was an original schedule, and you are on target with that.

Mr. CLAYTOR. Yes, sir.

Senator LAUTENBERG. Good.

Mr. CLAYTOR. On target with respect to both funds and schedule.

Senator LAUTENBERG. When we proposed getting that railroad in place, that line in place, we talked about the ability of that Atlantic City line to carry itself. Is Amtrak confident that this line will cover 100 percent of the short-term operating costs after the first year?

Mr. CLAYTOR. Yes, sir; I'm satisfied. I think we will cover not only short-term avoidable costs, I think we will even cover long-term avoidable costs the way we look at it now.

PORTAL BRIDGES

Senator LAUTENBERG. I wanted to ask you a question about the drawbridge problem. We have the Portal Bridge which is south of the Hudson Tunnel. Do you know what the status of that is?

Mr. CLAYTOR. I know, but Mr. Sullivan knows a lot more detail. And I'll ask him to answer it. Yes; this is an important problem for us and has been for many years.

Mr. SULLIVAN. Yes, sir, Mr. Chairman. As you know, that's a movable bridge. And under the NECIP program, there were extensive repairs made to that bridge, although due to funding cuts in the NECIP program, the entire rehabilitation of the bridge was not completed.

We have made some agreements with New Jersey Transit on a shared funding arrangement to complete the improvements to the bridge. Those agreements are in place. The funding is now available. We have got materials ordered to redeck the bridge, to install new miter rails and new mechanical and electrical systems so that the bridge will be as reliable as we can possibly make it. And all those improvements should be completed by the end of this calendar year.

SUBMITTED QUESTIONS

Senator LAUTENBERG. Good. I have other questions I'll submit to you and would ask for your response. We appreciate your being here.

Senator Byrd did want to be with us, and he made a particular point of notifying me of that. He is on the floor with the INF debate. He has concerns about passenger rail service, and he will submit questions for the record.

Mr. CLAYTOR. Fine, sir. I would be delighted to handle them.

Senator LAUTENBERG. If you are going to be here, it's possible that Senator Byrd will join us. Do you want to take a chance and maybe we can check with the floor?

Mr. CLAYTOR. I will be right here as long as the committee is in session, Mr. Chairman. I wouldn't think of leaving.

Senator LAUTENBERG. OK. You want to hear what Mr. Riley has to say. All of us do. Thank you very much, Mr. Claytor. As usual, a good presentation.

[The following questions were not asked at the hearing but were submitted for response for the record:]

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

Question: Administrator Riley also stated that, "The corridor might draw subsidies from other sources since the cost of operating Northeast Commuter operations without Amtrak nearly equals the cost of subsidizing Amtrak's New York to Washington Service." Do you agree with this statement?

Answer: No, I do not agree. The additional subsidy requirement would run between $150 million and $200 million on the New York to Washington segment alone. The only source for this increased funding by the commuter agencies - NJT, SEPTA, MARC - would be through UMTA grants, which would in effect continue the federal subsidy to Amtrak by running it through a different agency - UMTA.

Question: Even if costs were nearly equal, why would this suggest that others might be able to subsidize Northeast Corridor service.?

Answer: Whether the increased costs are nearly equal to the existing subsidies is irrelevant. This statement assumes that the freight railroads, primarily Conrail and the Commuter Agencies (SEPTA, NJDOT and MARC) have the capacity to subsidize between $200 million to $250 million annually to keep the Northeast Corridor operating, not including the future capital requirement to maintain the physical plan in a safe and reliable condition. They could not do it and would not do it without Federal help. Both Conrail and the Commuter Agencies would have to terminate service without Federal assistance.

Question: What are the total expenses for 1989 associated with the start-up of the Atlantic City service?

Answer: The FY 1989 request assumes Atlantic City service starting in April of 1989. Costs on a long term avoidable cost basis are estimated at $6.3 million for the six months of operations. Revenue for the period of $9.6 million will more than offset the cost with the excess being restricted by contractual agreement for future capital outlays and distribution between Amtrak and New Jersey DOT.

Question: What are the latest ridership figures?

Answer: Ridership for intercity and commuter service for the five month period October 1987 through February 1988 was 14.6 million. However, ridership is a meaningless measure of intercity service. Our volume goals for intercity passenger service are stated only in revenue passenger miles. Through the same five month period Amtrak's intercity revenue passenger miles were 2.1 billion, 13% higher than for the same five months of the prior year. Our goal for 1988 is 5.3 million passenger miles and I believe that we may exceed 5.5 billion for the year.

NORTHEAST CORRIDOR IMPROVEMENT PROJECT (NECIP)

Question. Last year the Committee earmarked funds for a number of specific projects on the Corridor. What is the status of those projects?

Answer. FY88 funding has not been received from the FRA, as of April 7, 1988. However, in anticipation of receipt of funding, $5.4 million of safety modification work for passenger cars and locomotives has started. The estimated total cost of this work is $12.4 million, and it is planned to have all FY88 funds obligated by the start of FY89.

New York tunnel work is proceeding with the design of lighting systems for both tunnels underway. A 100-foot test section will be installed using the new lighting, to obtain feedback from train and maintenance crews. Cross-passageway opening work in both tunnels has been placed on contract, with the job to be completed this year. The New York Tunnel Project is estimated to cost $45.6 million. North Philadelphia Station will cost $4.2 million in FY88.

The $6.4 million for FY88 to convert track circuits on the Philadelphia, Boston and New York Divisions is a safety-oriented item. It is estimated that $25 million will be required to complete this work.

The $.8 million of electric traction work to be accomplished with FY88 funds is part of a project to rebuild the traction power system. With 50 traction power substations along the Northeast Corridor and the Main Line Philadelphia to Harrisburg, we have completed about 20 percent of the power transformers, 3 percent of the control cable installations, 20 percent transmission line ground wire, less than one-half percent of the 138KV air-break switches, and about 2 percent of the circuit breaker replacement.

Question. Are additional funds necessary for the North River Tunnel renovation work? If so, how much? Why weren't funds requested for fiscal year 1989?

Answer. Additional NECIP funds are required for the North River Tunnel. However, Amtrak has prioritized these projects as per the attached listing and more critical items of work took precedence in FY89. The current funded level is 39 percent of the total projected requirement. Due to the difficulty in accomplishing the same, the current funded work will require all of FY89 to complete. The difficulty in accomplishing the work is due to the high density of traffic and avoiding disruption to service.

Question. Amtrak has requested an additional $2.4 million for track improvement work which includes concrete tie installation. Is this a final installment of concrete tie work?

Answer. Amtrak has prioritized its requirements and, for FY89, we have requested $2.4 million for concrete ties. However, to complete the entire scope of this work, we will require an additional $22 million in future funding. This would provide for the purchase of 44 track miles of concrete ties between Baltimore, Maryland, and Newark, New Jersey. This will complete the installation of concrete ties on the two high-speed passenger tracks between Washington, D.C. and New York, New York.

Question. The fiscal year 1989 request includes $4.2 million for communication and signal system upgrades, in addition to the $6.4 million provided for fiscal year 1988. What is the total cost of this effort?

Answer. The $4.2 million for FY89 is requested to convert position light signals to color position light signals. This is in accordance with the NTSB's recommendation after the Chase, Maryland, accident. This would be total funding for the conversion. The $6.4 million for FY88 was requested to convert track circuits on the Philadelphia, New York and Boston Divisions. Track circuit conversion is considered safety-oriented. It is estimated that $25 million will be required to complete the track circuit conversion.

Question. What are the total estimated costs for the installation of centralized electronic train control (CETC) and related signs upgrades?

Answer. The total estimate for Centralized Control center expanded to Trenton is $21.4 million. From Trenton to Newark will cost $38.3 million.

Question. Provide the CETC installation schedule with associated costs.

Answer. The schedule for installation depends upon the date of funding authorization. Wilmington to Philadelphia will be completed two years after funding, and Philadelphia to Trenton within two and one-half years after funding.

Question. How long will it take to fully install the Centralized Electronic Train Control system? How many individual towers would be replaced?

Answer. After funding it will take four and one-half years to fully install CETC. Nine and two-thirds towers will be replaced Wilmington to Trenton and ten towers will be replaced from Trenton to Newark. One tower, Zoo, located at Philadelphia, will have CETC installed in two-thirds, leaving one-third to be utilized for Conrail and Harrisburg.

Question. List the individual tower locations to be replaced in the Phase I effort. Are these towers replaced serially or individually? Please describe.

Answer.

Phase I -- Wilmington to Philadelphia

Tower	Location
Bell	Holly Oak, PA
Hook	Marcus Hook, PA
Baldwin	Eddystone, PA
Phil	Philadelphia, PA

Phase II -- Philadelphia to Trenton

Tower	Location
Penn	Philadelphia, PA
Zoo (2/3)	Philadelphia, PA

North Philadelphia	Philadelphia, PA
Shore	Philadelphia, PA
Holmes	Holmesburg, PA
Grundy	Bristol, PA

Phase III - Trenton to Newark

Tower	Location
Morris	Morrisville, PA
Fair	Trenton, PA
Midway	Manmouth Jct, NJ
Edison	Metuchen, NJ
Union	Rahway, NJ
Elmora	Elizabeth, NJ
Lane	Newark, NJ
Hunter	Newark, NJ
Dock	Newark, NJ
Hudson	Newark, NJ

These towers are replaced individually. The retirement of each tower is a site-specific job and they will be progressed in order to obtain the maximum savings as quickly as possible.

Question. Is the $2 million requested for the New York Sunnyside Yard the total needed? Why is this requested under the NECIP Appropriation rather than under Amtrak's regular capital improvement program?

Answer. A total of $27 million is requested for the New York Sunnyside Service Facility. The original NECIP Programs had many more service facilities planned than were actually constructed. The New York Service Facility was one of the locations originally identified as urgently needed to properly maintain the rolling stock and physical plant in the surrounding greater New York area. This entire facility was eliminated due to NECIP budget revisions and reductions. The need for this facility still exists, to a greater extent than ever, due to the increase in rail passenger demand and the resultant increased use of Amtrak's rolling stock being turned around New York.

Several Sunnyside Yard Projects were requested as part of the capital improvement program: $1.839 million to rehabilitate the loop tracks, $3.5 million in running repair facility modernization; $350,000 for Phase II design work, and $141,000 for power distribution system work. NECIP funds were requested under NECIP because further capital funds were not available.

AMTRAK CAPITAL PROGRAM

Question. Compare the 1986 to 1987 experience for equipment related delays in total hours. What were the main reasons for equipment related delays in 1987. What has Amtrak done to remedy this situation?

Answer. The average number of total hours of equipment-related delays per month from 1986 to 1987 remained basically the same at 122 hours, although the average number of delays decreased from 483 to 420. The main reasons for equipment-related delays are locomotive failures, primarily due to equipment malfunctions involving traction motors and control circuitry. Amtrak developed several programs to remedy this situation. We have steadily increased our locomotive overhaul production and, by the beginning of FY89, all locomotives will be overhauled ahead of manufacturer-recommended overhaul frequencies. Also, special running maintenance production lines were implemented for F40 diesel locomotives at Chicago in November 1986 and AEM7 electric locomotives at Washington in March 1987 to improve maintenance efficiencies with improved reliability.

AMTRAK CAPITAL PROGRAM

Question. Mr. Claytor, in the past you have had to cope with reduced Amtrak funding in a variety of ways. Please tell the committee those capital improvements you have had to postpone the last couple of years due to less than requested funding? How much of this deferred capital is being requested in Fiscal Year 1989?

Answer. Generally, Amtrak has absorbed capital shortages by stretching out essential programs over several years. However, with programs that require significant amounts of capital annually, such as major equipment orders and facility upgrading programs, the capital shortages have caused us to defer these projects entirely from one year to the next. The $103 million capital program proposed for FY89 covers Amtrak's essential safety, contractual and operating needs. It includes no major new equipment acquisitions and has significantly cut back on major upgrading programs for maintenance facilities, stations, and right-of-way improvements.

Question. Of the $27 million requested for "rolling stock", how much is for equipment modifications and how much is for new equipment?

Answer. The proposed FY89 rolling stock capital program includes $10.7 million for equipment modifications and conversions; $10.0 million for new mail/baggage cars and locomotive lease payments; $6.3 million for safety equipment, legal obligations, and equipment enhancements.

Question. How much is Amtrak spending on development of prototype car and locomotive designs? Does this include Tilt technology and Turbo technology testing? If not, what is being spent on those efforts?

Answer: Amtrak's FY89 capital program represents its highest priority requirements from a list totaling approximately $311 million. Because of this constrained capital situation, Amtrak is not proposing to invest capital in any new prototype equipment development projects in FY89. Instead, we will continue development programs for the new Viewliner cars, advanced F69PH AC-powered diesel locomotives, and Turboliner and Capitoliner conversions. However, these projects were funded in prior year capital programs and will be continuing in FY89.

The upgraded RTG II Turboliner and Tilt train testing will be funded from Amtrak's operating budget. One RTG II Turboliner set is already in revenue service adding needed capacity to Amtrak's Empire Corridor Service in New York State.

Question. For maintenance facilities, Amtrak has requested $14 million. List the amount each facility would receive.

Answer. Amtrak maintenance facilities selected for upgrade in FY89 are as follows:

Facility	($ Millions)
New York Sunnyside - Locomotive Maintenance Facility and Commissary Improvements	6.0
Beech Grove - Superliner Overhaul Facilities and Other Shop Improvements	3.4
Wilmington - Electrical and Wheel Shop Improvements	1.3
Bear - Amfleet Truck Overhaul Shop Improvements	1.8
Albany/Rensselaer - Turbine Overhaul Shop Improvements	1.0
Other Facility Improvements	.5
Subtotal	$14.0

Question. List, by area, how the $10 million requested for "stations/on-board service" would be allocated.

Answer. Amtrak's $10 million "stations/on-board services" program is allocated as follows:

Areas	($ Millions)
Station Improvements	$2.7
Commissary, Crew, Food Service Improvements	.8
Mail Handling Facilities	1.5
Washington Union Station Redevelopment	5.0
Total	$10.0

Question. How much of the capital request is for ticketing and reservation equipment? How much for new computer equipment?

Answer. The "information and communications systems" budget is allocated in two major categories as follows:

Categories	($ Millions)
Ticketing and Reservation Equipment Replacement	$ 5
Computer Equipment Upgrading and Replacement	$10
Subtotal	$15

Question. What will Amtrak spend on Joint Improvement projects with the Long Island Rail Road and the California D.O.T.? Please describe the projects and the benefit accruing to Amtrak?

Answer. Amtrak will spend $3 million for the Long Island Rail Road (LIRR) Capital Master Plan and $1.1 million for the San Diego Corridor upgrading program in FY89. The LIRR project is a jointly-funded program which provides for capital improvements in New York Penn Station and the East River tunnels. The San Diego upgrading program replaces deteriorated jointed-rail with continuous welded rail to improve ride quality and reduce track maintenance costs. Programs such as these are extremely beneficial to Amtrak because facilities essential for Amtrak's operations are improved while the expenses for making these improvements are shared.

Question. What amount of the 1989 capital request is for the right-of-way improvements, and how much for support vehicles and track equipment?

Answer. The capital request for the right-of-way program is allocated as follows:

Categories	($ Millions)
Right-of-Way Improvements	$25
Vehicles and Equipment	$ 2
Subtotal	$27

Question. The Office of Management and Budget (OMB) has stated that agencies do not have to follow Committee's report language earmarks and agencies were to provide justification to OMB before spending on these projects.

Has this affected the Committee direction regarding testing of tilt and turbo technology on the Northeast Corridor?

Answer. For the most part, ear-marking of funds in recent Appropriation bills that directly affect Amtrak have been for projects already authorized in law for the Northeast Corridor Improvement Project (NECIP). Amtrak has always followed and will continue to follow these ear-marking of funds and other recommendations made by the Committee. In the event Amtrak believes that funds earmarked for a given project could be better applied elsewhere, Amtrak has always notified the Committee of our concerns prior to acting.

Question. Congress listed in bill language those corridor activities eligible for funding in fiscal year 1988, but listed the amounts for each activity in report language. Will this be affected by OMB's latest pronouncement?

Answer. No. In the event Amtrak believes that funds ear-marked for a given project could be better applied elsewhere, Amtrak has always notified the Committee of our concerns prior to acting.

Question. Breakdown the $10 million in "other" capital improvements.

Answer. The capital request for "other" is categorized as follows:

Categories	Amounts ($ Millions)
Lease Payments for Previous Years' Vehicle Replacement Programs	$2.0
Pollution Control - Safety Projects	2.5
Real Estate/Cogeneration Development Projects and Other Business Opportunities	5.5
	$10.0

Question. What business opportunity projects is Amtrak investing in in Fiscal Year 1989.

Answer. To maximize revenues, Amtrak proposes to invest in several real estate and corporate development projects in FY89. The real estate projects involve engaging in commercial development activities at major stations in New York, Baltimore, and Chicago. The corporate development program will further advance the plans for constructing cogeneration facilities and other activities with revenue potential at Amtrak-owned locations.

Question. Of the capital request, how much is slated for Union Station Redevelopment?

Answer. See next question.

Question. Does this request include funds to cover moving the train stops back towards the renovated station? When will this take place and when do you estimate Union Station will be fully renovated and open to the public?

Answer. The $70 million contribution by Amtrak to the Union Station project was intended to fund the renovation and restoration of the historic building. An additional $40 million was made available to the District of Columbia through the Federal Highway Administration to complete the parking garage, to construct the "link structure" (the concourse that will serve as a waiting and staging area for train passengers), to demolish the existing temporary station, and to extend the tracks up to the new station.

The restoration and renovation of the historic building, the completion of the garage, and the construction of the link structure are scheduled to be finished this summer. The developer -- Union Station Ventures -- to whom the property has been leased will require some months to outfit the station for its tenants. Much of this work will be done concurrently with the renovation and restoration work, with the result that the station is expected to be ready for opening by the end of September 1988. Once the renovated station is open, Amtrak will immediately use it for all station purposes: ticketing, passenger staging, etc.

However, there will be a period after the opening of the renovated station during which the current station must be demolished, the tracks and high level platforms extended, defective escalators replaced, canopies repaired and extended, and a first-class lounge built. During this period passengers will be required to traverse yet another plywood pathway in order to get to the trains. We believe that this period will not last longer than six months, and that by spring of 1989 the station will be fully operative as envisioned when Congress directed us and the Department of Transportation to embark upon this project.

We anticipate that the cost of this follow-up work will be approximately $8-9 million. These expenses, which are required to make the station fully effective for Amtrak's purposes, are in addition to the $70 million initially set aside for the renovation and restoration of the historic building. We understand that of the $40 million made available to the District of Columbia for its elements of this project, approximately $5 million will be left after the garage and link structure are completed and will be available -- pursuant to the initial Congressional directive -- to be applied against these additional expenditures. As a consequence, we will require no more than $3 or 4 million out of Amtrak's capital budget in order to complete this work.

Amtrak is currently reviewing the physical infrastructure supporting our operations in the Washington Yard in order to make those operations more effective. We have not yet determined the configuration or cost of these improvements, but we are hopeful that such costs can be covered over the long term by the development of air rights over this property.

Question. On page 13 of the budget justification you estimate that the economy's growth will be relatively stable, resulting in moderate improvement in passenger miles. Is there a correlation between GNP growth and ridership? If so, what is the correlation?

Answer. A number of external factors appear to influence Amtrak's passenger volume and revenue including the general condition of the economy as reflected in the level of the Gross National Product. A closer correlation currently is with Real Disposable Income. Other external factors which have been found to closely correlate with ridership are the unemployment rate, gasoline prices, and airline prices. The exact nature of the relationships can be difficult to identify because so many factors change at once. Amtrak can also build upon these effects or work to counter negative trends in these factors by improving our own service offerings and adjusting our fare to maximize our revenues.

Question. What is the relationship between increased passenger miles and increased revenues?

Answer. Amtrak tries to maintain prices and discount fares at levels which maximize overall revenues. Generally, revenues increase with increased passenger volume provided that yields (revenue per passenger mile) can be maintained or increased. A number of factors can influence yield, including fare levels, average trip length, group size, usage of discount fares, and service changes. Because of this complex relationship between volume and revenue, it is possible to have one can be without affecting the other or to have them move in opposite directions. For example, for competitive reasons longer trips are usually charged a lower rate per mile than shorter trips. If the amount of long distance travel were to increase at the same time shorter distance travel decreased, revenue could decline even though fares and the number of passenger miles carried remained the same.

Passenger volume, which we describe in terms of "passenger miles," is not identical to "ridership." The term "passenger miles" describes the actual amount of travel provided; for this purpose, ten people traveling 100 miles each is the equivalent of one person traveling 1000 miles. "Ridership," on the other hand, describes the number of passengers carried regardless of trip length, a 100-mile trip counts the same as a 1000-mile trip. While "ridership" is an apt surrogate for volume when trip lengths remain constant, it is a misleading measure of volume when applied to Amtrak. Amtrak, for instance, has deliberately attempted to increase the number of long-distance trips sold, while decreasing the number of commuter trips sold. In the process, our "ridership" figure has remained fairly steady, but our "passenger-mile" performance has increased significantly.

Question: Amtrak has estimated $65.3 million is necessary to provide for inflationary increases (an estimated 4.3 percent). How did Amtrak derive this figure?

Answer: We used, as a starting point, the year to year estimate of 4.1% found in the President's Budget. In addition, we have some unique railroad costs such as railroad retirement taxes, railroad unemployment taxes and health insurance premiums that run substantially higher than the norm.

As an example, in the last several years, taking railroad unemployment, railroad retirement and the health program for our union employees, we have had 20 percent year-to-year changes. We currently estimate that for 1989 over 1988 these costs are going up 12 percent.

Recognizing that labor costs are about half of Amtrak's operating costs, you can see the impact of these costs that are above national inflation.

Question: Does Amtrak cover the costs of its on-board food and beverage service? Estimated costs for 1989 are $94.5 million -- what are the estimated revenues?

Answer: The FY 1989 cost estimate in FY89 dollars is $100.3 million. This will be fully covered by food revenue and associated transportation revenues.

Amtrak has always seen the availability of food and beverage service as an essential part of the total transportation package provided to our passengers. For this reason, a portion of our ticket revenue must always be allocated to meet food service costs, just as it must be allocated to cover fuel, crews, maintenance, etc. In fact, all of our first class passengers are provided complimentary meals as part of the basic transportation fare.

Question: The expenses associated with Marketing and Reservations have slightly declined from the budgeted 1988 level. How much does Amtrak spend each year on advertising? (Provide costs by medium.)

Answer: The advertising breakdown is as follows:

	($ Millions)	
	FY 1987 Actual	FY 1988 Budget
Television	$11.9	$11.4
Radio	5.7	5.7
Newspapers	3.7	3.9
Magazines	1.0	1.0
Travel Trade	.5	.5
Outdoor	.9	.9
Production	3.9	4.9
Yellow Pages	.6	.7
TOTAL	$28.2	$29.0

Question: What depreciation methods does Amtrak use in calculating operating expenses?

Answer: Amtrak uses the ICC prescribed Group Composite Rates of depreciation in calculating operating expense. This method represents a straight-line by month write-off over the average life of the assets in any particular group.

Question: For the record, break down the inflation adjustment request for each operating expense category (page 352 of last year's hearing).

Answer: The information follows.

NATIONAL RAILROAD PASSENGER CORPORATION
OPERATING EXPENSE COMPARISON
($ MILLIONS)

Operating Expenses	FY 1988 Budget	Uninflated FY 1989 Grant Request	Inflated FY 1989 Grant Request
Train Operations	383.8	384.8	407.9
Maintenance of Equipment	374.5	371.8	386.2
Maintenance of Way	178.8	184.0	191.1
On-Board Services	140.1	140.7	146.3
Station Services	109.5	110.3	115.2
Marketing and Reservations	143.8	143.6	148.7
General Support	121.0	119.5	123.5
Insurance & Interest	73.1	64.1	64.1
Depreciation	152.4	155.8	155.8
General and Administrative	35.5	34.1	35.3
Total Operating Expense	1712.5	1708.7	1774.0
Provision for Inflation Increase	--	65.3	--
Total Expense	1712.5	1774.0	1774.0
Less:			
Expenses Not Requiring Appropriations	153.9	158.2	158.2
Funded Expense	1558.6	1615.8	1615.8
Total Revenue	1045.2	1112.2	1112.2
Less:			
Restricted Revenue	44.6	51.4	51.4
Revenue Available for Operations	1000.6	1060.8	1060.8
Operating Grant Requirement	558.0	555.0	555.0
Revenue to Cost Ratio	0.67	0.69	0.69

Question: Why has Amtrak's liability insurance requirement declined from 1988 to 1989?

Answer: The FY88 level of insurance expense reflects some residual impact of the Chase, Maryland accident. The FY89 estimate assumes normal loss experience.

Question: What accounts for the sixty percent increase in labor protection payments (from $1.5 million to $2.4 million)?

Answer: The increase in labor protection reflects the severance payments associated with the force reduction resulting from the phased implementation of CETC.

Question: How did Amtrak arrive at this amount?

Answer: The FY89 labor protection estimate of $2.4 million includes the following:

Force reduction associated with CETC implementation	$1.1 million
Closing of Tampa Maintenance Facility (in February, 1984)	.8 million
Salary differential resulting from Amtrak takeover of Washington Union Station and Chicago Union Station (900-1000 people) from September 1984 through July 1986	.5 million
	$2.4 million

Question: Why does estimated revenue from Real Estate decline from 1988 to 1989?

Answer: The FY88 level of Real Estate revenue includes revenues from the anticipated sale of the New Haven Maintenance Facility to Connecticut DOT. The FY89 estimate assumes a more normal level without a major transaction of this magnitude.

Question: What makes up the miscellaneous revenue estimate? Why does this increase by $5.7 million over the 1988 level?

Answer: Miscellaneous revenue includes revenues for reimbursable equipment maintenance, maintenance of way, and transportation services and Safe Harbor revenues. The level of reimbursable activity generally fluctuates year to year. The FY89 increase reflects increased track work for the MBTA and revenues associated with LIRR portions of the Penn Station Redevelopment Project.

Question. What is the status of the $5 million provided to restore the "Montrealer" train service?

Answer. The $5 million, appropriated to Amtrak under Pub. L. No. 100-71, will be used to fund the track improvements necessary to restore the Montrealer service. None of the $5 million has yet been spent. However, agreements have been signed with the Central Vermont Railway (CV) under which Amtrak would acquire by condemnation and at CV's cost one of the two segments of deteriorated Boston and Maine Railroad (B&M) trackage, turn title to that segment of track over to the CV, and use up to $3.1 million of the Federal funds to restore the trackage. Amtrak is actively pursuing a similar arrangement with the Commonwealth of Massachusetts to acquire for the Commonwealth the second segment of B&M trackage that must be upgraded to restore Montrealer service along its original route. Although the $5 million will not be sufficient to cover all the costs of upgrading both segments of track, Massachusetts would provide the necessary additional funds to upgrade the segment it would be acquiring.

Question. Will the Guilford Line be restored?

Answer. Assuming that an agreement is reached with Massachusetts, and that the condemnation action before the ICC is successful, the two deteriorated segments of Guilford (B&M) trackage will be restored.

Question. How did Amtrak accommodate riders who wished to go to Montreal and to Vermont this Winter?

Answer. Montrealer rail service was suspended on April 5, 1987. Since then, Amtrak has provided a dedicated bus service from Springfield to Burlington, Vermont, and intermediate points (Northampton, Brattleboro, Bellows Falls, White River Junction, and Montpelier Junction) for passengers wishing to travel north of Springfield. The bus service does not go to Montreal. Amtrak's Adirondack service provides daily transportation between New York City and Montreal.

Question. How does Amtrak proceed under these circumstances? Does Amtrak try to get the local authorities involved to defray the costs incurred?

Answer. Where appropriate, Amtrak will seek to enforce its legal remedies against a railroad failing to maintain its lines at the contract level. Amtrak's agreements provide for arbitration before the National Arbitration Panel to resolve disputes. Amtrak has taken Guilford to arbitration seeking enforcement of Guilford's obligation to maintain its line at the contract level and seeking restitution of amounts paid to Guilford to maintain the line, which Guilford failed to do. Amtrak is also exploring arbitration against the Illinois Central Gulf (ICG) as to whether the ICG is legally obligated to maintain CMW's trackage in the event CMW fails to maintain the line. Arbitration against the CMW at this point, we believe, would be counter-productive given the poor financial condition of the Railroad.

It is Amtrak's policy to encourage local and state support for capital improvements on rail lines Amtrak uses in each state. Even though a railroad may have breached an obligation to maintain a rail line at a certain level, Amtrak is most interested in ensuring optimum track condition and Amtrak certainly seeks state assistance whenever possible. With respect to the Montrealer, the Commonwealth of Massachusetts is exploring purchasing and upgrading a segment of track that the Guilford has failed to maintain at speeds appropriate for passenger service. In Illinois, the State is seeking funding for a rail replacement program to upgrade the CMW line between Chicago and St. Louis.

Question. Does Amtrak face any similar situations, i.e., deteriorating track, with other lines that it uses? If so, which lines?

Answer. The Guilford situation, where the railroad simply chose not to maintain the trackage at the level it agreed to maintain it at, is unique on Amtrak's system. On-time performance problems are occurring on two other lines due to the deteriorated track conditions. One is on the line between Chicago and St. Louis, formerly owned by the Illinois Gulf Central Railroad and sold last year to the Chicago, Missouri and Western Railroad (CMW). The CMW, which has suffered poor financial health since it commenced operations and which filed for Chapter 11 bankruptcy on March 29, 1988, has been unable to maintain its trackage at the required level. In addition, significant portions of the rail along the line must be replaced. Amtrak is working with the State of Illinois and the CMW to identify funding for a track improvement program. In the meantime, Amtrak has been forced impose speed restrictions on its trains along the line. Speed restrictions also have been imposed on a portion of the Soo Line Railroad between Milwaukee and St. Paul due to poor track condition. Amtrak is negotiating with the Soo line to alleviate this situation.

Question. What type of program does Amtrak have in place to detect and assist employees who have alcohol and drug problems? Please elaborate?

Answer.

Amtrak has a comprehensive, three-fold approach to ensuring a drug and alcohol free workplace. For many years, we have had an Employee Assistance Program (EAP) to assist employees with drug and alcohol problems, as well as other problems of an emotional or personal nature. Trained EAP counselors develop a treatment plan for employees, including diagnostic analysis and follow up care. We have also established, in conjunction with the Brotherhood of Locomotive Engineers and the United Transportation Union, "Operation Red Block," which is a joint employer-employee program to promote a safe workplace free from alcohol and drug abuse. Under this program, employees are encouraged to assist co-workers who are abusing alcohol or drugs to seek help.

Finally, the Company has established a drug and alcohol testing program. Employees are tested (1) whenever taking a company-required physical, (2) if there is reasonable cause to believe they have drugs or alcohol in their systems while on duty or reporting for duty and (3) following certain accidents. The first time employees test positive under any of these events, they will usually be given the chance to enter the EAP for help with their problems. Although Amtrak's drug and alcohol testing program applies to all employees -- management and agreement-covered -- we are also in full compliance with the Federal Railroad Administration's requirements concerning the testing of Hours of Service employees.

We recognize that drug and alcohol testing is a very sensitive subject and that our employees, and the Company, have the right to be assured of reliable tests. Accordingly, Amtrak is utilizing testing techniques for both the initial and the confirmation tests that provide the highest degree of accuracy available. No action is ever taken against an employee for a positive drug test without confirmation tests performed by an outside laboratory chosen by Amtrak's medical director. Test results are kept confidential and disclosed only on a need-to-know basis. We use professional testing procedures and make every effort to ensure high standards are followed when the sample is taken, handled, and tested.

Question. Update the frequency and service tables on pages 321, 322 and 323 of last year's hearing record. (Senate hearing 100-354, Part 1.)

Answer. The following are our frequency reductions for Fiscal Years 1986, 1987, and 1988:

FY 1986

Name/Route	Action
Mt. Rainer (Portland-Seattle)	Daily to four days per week. Resumed daily operation on 6-15-86.
Shawnee (Chicago-Carbondale)	Combined with Illini (Chicago-Champaign)
Wolverine-Twilight Limited (Chicago-Detroit)	Daily to Fri.-Sat.-Sun. only.
Indiana Connection (Chicago-Valparaiso)	Combined with Calumet. (Chicago-Valparaiso)
State House (Chicago-St. Louis)	Discontinued Saturday southbound; Sunday northbound.
Empire State Express (New York-Niagara Falls)	Discontinued between Albany and Niagara Falls.
Harrisburg-Philadelphia	Four weekday round trips discontinued.
Blue Ridge (Washington-Martinsburg)	Maryland DOT assumed responsibility for operation.

The following services were operated on a tri-weekly basis from January 12 to March 20 and then resumed daily operation for the remainder of FY86:

Name/Route	Action
Pioneer (Chicago-Seattle)	Operated tri-weekly between Salt Lake City and Seattle.
Crescent (New York-New Orleans)	Operated tri-weekly between Atlanta and New Orleans.
Palmetto (New York-Savannah)	Operated tri-weekly between Washington and Savannah.

FY 1987

Name/Route	Action
Pioneer (Chicago-Seattle)	Operated tri-weekly between Salt Lake City and Seattle, October 26, 1986 to April 4, 1987. In addition, the Pioneer operated Seattle-Portland on Saturdays only, November 1, 1986 to April 4, 1987.
Montrealer (Montreal-Washington)	Service suspended indefinitely due to deteriorated track conditions effective 4/87. Substitute bus operated Burlington, Vermont-Springfield, Massachusetts with rail connections.

FY 1988

Name/Route	Action
Clocker Service (Philadelphia-New York)	Discontinue one weekday round trip
Mail Express (Boston-New York)	Discontinue as stand alone train south of New Haven; SPG-NHV-WAS train.

The following are our frequency increases and new services for the Fiscal Years 1986, 1987, and 1988:

FY 1986

Name/Route	Action
The Loop (Chicago-Springfield)	Began operation effective 04-28-86.
The Mount Rainier (Portland-Seattle)	Resumed daily operation 06-15-86.

FY 1987

Name/Route	Action
Metroliner Service (NYP-WAS-NYP)	Added two new weekday frequencies on 10-26-86.

Metroliner Service (NYP-PHL-NYP)	Additional Monday-Thursday NYP-PHL and Monday-Friday PHL-NYP frequencies effective 10-26-86.
Metroliner Service (NYP-BOS-NYP)	Extended one Metroliner frequency to operate NYP-BOS on Fridays, returning from Boston on Sundays.
Capitol Limited (WAS-PGH-CHI)	Began independent operation west of Pittsburgh effective 10-26-86.

FY 1988

Name/Route	Action
Metroliner Service (WAS-NYP-WAS)	Added one weekday round trip WAS-NYP by extending PHL-NYP service to WAS. Operates as non-stop express northbound WAS-NYP effective 10-25-87.
Metroliner Service (WAS-NYP-WAS)	Added one Saturday-only round trip effective 4-10-88.
San Diegan Service (SAN-LAX)	Added one daily round trip SAN-LAX bringing the daily service to eight frequencies. Sponsored by California as 403(b) effective 10-25-87.
Empire Service (NFL-ALB-NYG)	Will add three round trips per weekend Niagara Falls-New York by extending existing ALB-NYG trains. Begins 5/15/88 as experimental service.
Hoosier State (IND-CHI)	Added three round trips per week to restore daily stand-alone operation independent of the tri-weekly Cardinal effective 10-25-87.

Question. Mr. Claytor, do you support mandatory testing for probable cause and after accidents?

Answer. Yes. This is a practice Amtrak now follows.

Question. Do you support random testing? If so, why?

Answer. Yes, for all safety-related jobs. This is the only way we can be sure that people holding these jobs are not drug users.

We have a formal opinion by the honorable Erwin N. Griswold, former Dean of Harvard Law School and former Solicitor General of the U. S., stating that legislation requiring such random drug testing would be constitutional. Amtrak submitted Mr. Griswold's opinion at a hearing on June 16, 1987, before the House Energy and Commerce Committee.

Question. Update the 403(b) service information found on page 326 of last year's record.

Answer. The information is attached below.

AMTRAK 403(B) SERVICES - FISCAL YEAR 1988

	Projected Long-term Avoidable Cost	Projected State Contribution 1/
403(B)		
Philadelphia-Harrisburg	1,280	591
Chicago-Springfield	3,950	628
Chicago-Carbondale 2/	4,300	138
Chicago-Quincy	3,682	873
Los Angeles-San Diego	10,727	1,698
Oakland-Bakersfield	11,685	3,446
Albany-Montreal	3,440	362
Chicago-Port Huron-(TOR)	4,172	796
Kansas City-St Louis	7,853	2,517
Pittsburgh-Philadelphia-(NYC)	4,689	276
Chicago-Grand Rapids	2,622	591
TOTAL 403(B)	58,400	11,916

1/ Projected state contribution is based on 45 percent of short-term avoidable loss in first year, 65 percent the second and subsequent years, plus 50 percent of the associated equipment capital cost.

2/ Shown is the impact of Chicago-Carbondale service although it is subsidized by the State of Illinois between Chicago and Champaign.

Question. Update the Route by Route summary found on pages 329 through 334 of last year's hearing record.

Answer. The information is attached below.

FY1987 ROUTE BY ROUTE SUMMARY
$(000'S)

	REVENUE	LONG-TERM AVOIDABLE COST	LONG-TERM AVOIDABLE PROFIT/(LOSS)	SHORT-TERM AVOIDABLE COST	SHORT-TERM AVOIDABLE PROFIT/(LOSS)	PASSENGER MILES (000'S)	TRAIN MILES (000'S)	PM/TM	SHORT-TERM AVOIDABLE PROFIT/ (LOSS)/PM	REVENUE/ LONG-TERM AVOIDABLE COST	REVENUE/ SHORT-TERM AVOIDABLE COST
NORTHEAST CORRIDOR											
METROLINER SERVICE	72,605	46,414	26,191	37,924	34,681	232,560	1,737	134	0.149	1.56	1.91
NEC CONVENTIONALS	161,727	131,477	30,250	104,804	56,923	926,184	4,882	190	0.061	1.23	1.54
NYC-PHILADELPHIA	4,133	3,839	294	3,051	1,082	25,040	161	156	0.043	1.08	1.35
PHILADELPHIA-HARRISBURG	2,143	4,640	(2,497)	3,957	(1,814)	17,636	216	82	(0.103)	0.46	0.54
TOTAL NEC	240,608	*	*	*	*	1,201,420	6,996	172	0.076	1.29	1.61
SHORT DISTANCE											
NYC-NIAGARA FALLS	25,187	32,821	(7,634)	21,799	3,388	169,949	1331	128	0.020	0.77	1.16
CHICAGO-ST. LOUIS	4,234	7,846	(3,612)	6,214	(1,980)	37,195	472	79	(0.053)	0.54	0.68
CHICAGO-MILWAUKEE	1,968	3,471	(1,503)	2,909	(941)	15,352	188	82	(0.061)	0.57	0.68
CHICAGO-DET-TOLEDO	6,346	11,473	(5,127)	9,318	(2,972)	52,849	545	97	(0.056)	0.55	0.68
L.A.-SAN DIEGO	9,745	12,160	(2,415)	9,988	(243)	66,204	375	177	(0.004)	0.80	0.98
PORTLAND-SEATTLE	1,160	2,536	(1,376)	2,091	(931)	11,002	134	82	(0.085)	0.46	0.55
CHICAGO-INDIANAPOLIS	1,201	2,925	(1,724)	2,376	(1,175)	10,138	139	73	(0.116)	0.41	0.51
TOTAL SHORT DISTANCE	49,841	*	*	*	*	362,689	3,184	114	(0.013)	0.60	0.91
403B											
PHILA-HARRISBURG	936	1,490	(554)	1,263	(327)	2,739	70	39	(0.119)	0.63	0.74
CHICAGO-SPRINGFIELD	2,883	3,688	(805)	2,921	(38)	18,329	231	79	(0.002)	0.78	0.99
CHICAGO-CARBONDALE	2,674	3,938	(1,264)	3,203	(529)	18,703	226	83	(0.028)	0.68	0.83
CHICAGO-QUINCY	2,736	3,482	(746)	2,878	(142)	14,269	191	75	(0.010)	0.79	0.95
L.A.-SAN DIEGO	7,091	6,978	113	5,732	1,359	47,412	280	169	0.029	1.02	1.24
OAKLAND-BAKERSFIELD	9,222	9,370	(148)	7,385	1,837	50,813	454	112	0.036	0.98	1.25
ALBANY-MONTREAL	3,184	3,518	(334)	2,884	300	22,892	177	129	0.013	0.91	1.10
CHICAGO-PORT HURON-(TOR)	3,114	4,148	(1,034)	3,414	(300)	19,408	232	84	(0.015)	0.75	0.91
KANSAS CITY-ST. LOUIS	4,896	7,327	(2,431)	6,046	(1,150)	29,062	408	72	(0.040)	0.67	0.81
PHIL-PITTSBURGH-(NYC)	4,335	4,764	(429)	3,727	608	29,679	256	116	0.020	0.91	1.16
CHICAGO-GRAND RAPIDS	1,908	2,412	(504)	2,002	(94)	9,283	128	72	(0.010)	0.79	0.95
TOTAL 403B	42,979	*	*	*	*	262,589	2,650	99	0.006	0.84	1.04
403B											
NYC-PHILADELPHIA	8,858	8,223	635	6,527	2,331	69,598	192	362	0.033	1.08	1.36
PHILA-HARRISBURG	601	1,107	(506)	984	(383)	5,211	55	95	(0.073)	0.54	0.61
NYC-HARRISBURG	3,308	2,728	580	2,197	1,111	21,276	96	222	0.052	1.21	1.51
CHICAGO-VALPARAISO	324	926	(602)	775	(451)	3,594	22	163	(0.125)	0.35	0.42
TOTAL 403B	13,091	*	*	*	*	99,679	365	273	0.026	1.08	1.25
LONG DISTANCE											
WASHINGTON-MONTREAL	2,537	6,863	(4,326)	5,250	(2,713)	21,279	115	185	(0.127)	0.37	0.48
NYP-FLA: SILVER STAR	26,127	44,412	(18,285)	32,272	(6,145)	278,406	1,210	230	(0.022)	0.59	0.81
NYP-FLA: SILVER METEOR	29,420	44,547	(15,127)	32,427	(3,007)	315,335	1,042	303	(0.010)	0.66	0.91
CHICAGO-NYC/WASH (A)	21,662	37,678	(16,016)	27,217	(5,555)	176,808	1,200	147	(0.031)	0.57	0.80
CHICAGO-WASH-NYC (B)	5,046	11,282	(6,236)	8,234	(3,188)	47,178	299	158	(0.068)	0.45	0.61
CHICAGO-SEA/PORTLAND	28,732	54,265	(25,533)	41,624	(12,892)	300,555	1,882	160	(0.043)	0.53	0.69
CHICAGO-SLC-OAKLAND	32,980	57,177	(24,197)	44,428	(11,448)	302,561	1,760	171	(0.038)	0.58	0.74
(CHI)-SLC-LOS ANGELES	12,100	17,230	(5,130)	13,297	(1,197)	152,373	567	269	(0.008)	0.70	0.91
(CHI)-SLC-SEATTLE	8,240	16,277	(8,037)	12,743	(4,503)	101,787	595	171	(0.044)	0.51	0.65
CHICAGO-LOS ANGELES	31,897	47,987	(16,090)	34,664	(2,767)	298,532	1,652	181	(0.009)	0.66	0.92
CHICAGO-NEW ORLEANS	10,545	19,771	(9,226)	14,358	(3,813)	106,191	674	158	(0.036)	0.53	0.73
CHICAGO-SAN ANTONIO-(LA)	8,657	16,781	(8,124)	12,705	(4,048)	114,975	318	361	(0.035)	0.52	0.68
NEW ORLEANS-SAN-LOS ANGELES	7,930	18,165	(10,235)	14,398	(6,468)	94,981	638	149	(0.068)	0.44	0.55
LOS ANGELES-SEATTLE	29,447	42,785	(13,338)	33,618	(4,171)	305,894	1,001	306	(0.014)	0.69	0.88
CHICAGO-NYC/BOSTON	21,197	30,270	(9,073)	22,105	(908)	175,006	846	207	(0.005)	0.70	0.96
BOSTON-NEWPORT NEWS	6,502	6,628	(126)	5,387	1,115	53,380	216	247	0.021	0.98	1.21
NEW YORK-SAVANNAH	7,251	11,828	(4,577)	9,192	(1,941)	63,887	440	145	(0.030)	0.61	0.79
NEW YORK-NEW ORLEANS	18,789	34,420	(15,631)	24,084	(5,295)	177,486	1,003	177	(0.030)	0.55	0.78
(KCY)-STL-CEN-(HOL)	856	1,731	(875)	1,128	(272)	8,069	48	168	(0.034)	0.49	0.76
AUTO TRAIN	37,023	32,824	4,199	24,953	12,070	174,816	625	279	0.069	1.13	1.48
TOTAL LONG DISTANCE	346,938	*	*	*	*	3,269,813	16,138	203	(0.021)	0.63	0.84
ROUTE TOTAL	693,457	*	*	*	*	5,196,204	29,333	177	0.004	0.79	1.03
OTHER	280,053										
SYSTEM TOTAL	973,510										

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS REPORT.
(A) BROADWAY LIMITED & CAPITOL LIMITED
(B) CARDINAL

NOTES ACCOMPANYING FY87 ROUTE BY ROUTE

GENERAL NOTES:

- INDIVIDUAL ROUTE TOTALS ARE NOT ADDITIVE FOR SHORT-TERM/LONG-TERM AVOIDABLE COST, PROFIT AND LOSS.

ROUTE GROUPS:

NORTHEAST CORRIDOR:
NONE

SHORT DISTANCE:
NONE

403(B):
ALL 403(B) FIGURES INCLUDE STATE PAYMENTS.

403(D):
NONE

LONG DISTANCE:

EFFECTIVE FY87 THE FOLLOWING SERVICES ARE NO LONGER REPORTED AS BASE INCREMENT:
CHICAGO-SLC-OAKLAND
NEW ORLEANS-SAS-LOS ANGELES

WASHINGTON-MONTREAL SERVICE OPERATED 10/1/86 TO 4/6/87

PERFORMANCE CRITERIA:

SHORT DISTANCE:

SHORT-TERM AVOIDABLE (LOSS)/PM: (.149)

LONG DISTANCE:

SHORT-TERM AVOIDABLE (LOSS)/PM: (.115)

THE FOLLOWING ROUTES FAIL THE PERFORMANCE CRITERIA:
NONE

FY1988 ROUTE BY ROUTE FORECAST
AS OF FEBRUARY 10, 1988
(000 $)

	REVENUE	LONG-TERM AVOIDABLE COST	LONG-TERM AVOIDABLE PROFIT/(LOSS)	SHORT-TERM AVOIDABLE COST	SHORT-TERM AVOIDABLE PROFIT/(LOSS)	PASSENGER MILES (000 S)	TRAIN MILES (000 S)	PM/TM	SHORT-TERM AVOIDABLE PROFIT/(LOSS)/PM	REVENUE/ LONG-TERM AVOIDABLE COST	REVENUE/ SHORT-TERM AVOIDABLE COST
NORTHEAST CORRIDOR											
METROLINER SERVICE	75,720	50,695	25,025	41,553	34,167	235,049	1,875	125	0.145	1.49	1.82
NEC CONVENTIONALS	170,063	128,219	41,844	102,575	67,488	952,462	5,194	183	0.071	1.33	1.66
NYC-PHILADELPHIA	4,754	4,343	411	3,447	1,307	28,778	165	174	0.045	1.09	1.38
PHILADELPHIA-HARRISBURG	2,610	4,603	(1,993)	3,934	(1,324)	20,900	224	93	(0.063)	0.57	0.66
TOTAL NEC	253,147	0	0	0	0	1,237,189	7,458	166	0.082	1.33	1.67
SHORT DISTANCE											
NYC-NIAGARA FALLS	25,096	32,821	(7,725)	21,736	3,360	164,891	1341	123	0.020	0.76	1.15
CHICAGO-ST. LOUIS	4,408	8,828	(4,420)	7,006	(2,598)	37,138	472	79	(0.070)	0.50	0.63
CHICAGO-MILWAUKEE	2,058	3,255	(1,197)	2,735	(677)	15,570	188	83	(0.043)	0.63	0.75
CHICAGO-DET-TOLEDO	7,375	11,911	(4,536)	9,684	(2,309)	60,112	548	110	(0.038)	0.62	0.76
L.A.-SAN DIEGO	10,941	12,027	(1,086)	10,514	427	67,916	374	182	0.006	0.91	1.04
PORTLAND-SEATTLE	1,132	2,851	(1,719)	2,356	(1,224)	11,306	134	84	(0.108)	0.40	0.48
CHICAGO-INDIANAPOLIS	1,432	2,943	(1,511)	2,393	(961)	10,914	142	77	(0.088)	0.49	0.60
TOTAL SHORT DISTANCE	52,442	0	0	0	0	367,847	3,199	115	(0.011)	0.70	0.93
403B											
PHILA-HARRISBURG	947	1,280	(333)	1,085	(138)	2,818	71	40	(0.049)	0.74	0.87
CHICAGO-SPRINGFIELD	3,052	3,950	(898)	3,135	(83)	19,191	231	83	(0.004)	0.77	0.97
CHICAGO-CARBONDALE	2,800	4,300	(1,500)	3,496	(696)	19,374	225	86	(0.036)	0.65	0.80
CHICAGO-QUINCY	2,816	3,682	(866)	3,043	(227)	14,730	192	77	(0.015)	0.76	0.93
L.A.-SAN DIEGO	11,348	10,727	621	8,793	2,555	62,044	417	149	0.041	1.06	1.29
OAKLAND-BAKERSFIELD	9,811	11,685	(1,874)	9,201	610	49,949	456	110	0.012	0.84	1.07
ALBANY-MONTREAL	3,163	3,440	(277)	2,820	343	21,882	177	124	0.016	0.92	1.12
CHICAGO-PORT HURON-(TOR)	3,325	4,172	(847)	3,448	(123)	18,681	231	81	(0.007)	0.80	0.96
KANSAS CITY-ST. LOUIS	5,761	7,853	(2,092)	6,490	(729)	29,135	413	71	(0.025)	0.73	0.89
PHIL-PITTSBURGH-(NYC)	4,416	4,689	(273)	3,663	753	29,681	256	116	0.025	0.94	1.21
CHICAGO-GRAND RAPIDS	2,007	2,622	(615)	2,185	(178)	9,398	128	73	(0.019)	0.77	0.92
TOTAL 403B	49,446	0	0	0	0	276,867	2,790	99	0.008	0.88	1.04
403B											
NYC-PHILADELPHIA	9,392	8,630	762	6,849	2,543	74,821	188	398	0.034	1.09	1.37
PHILA-HARRISBURG	686	1,865	(1,179)	1,541	(855)	6,009	55	109	(0.142)	0.37	0.45
NYC-HARRISBURG	3,797	2,883	914	2,325	1,472	24,818	102	243	0.059	1.32	1.63
CHICAGO-VALPARAISO	419	822	(403)	691	(272)	4,620	23	201	(0.059)	0.51	0.61
TOTAL 403B	14,294	0	0	0	0	110,268	368	300	0.026	1.01	1.25
LONG DISTANCE											
NYP-FLA: SILVER STAR	26,455	45,975	(19,520)	33,315	(6,860)	271,790	1,212	224	(0.025)	0.58	0.79
NYP-FLA: SILVER METEOR	30,773	46,639	(15,866)	34,043	(3,270)	315,299	1,037	304	(0.010)	0.66	0.90
CHICAGO-NYC/WASH (A)	21,762	39,853	(18,091)	28,879	(7,117)	174,073	1,223	143	(0.041)	0.55	0.75
CHICAGO-WASH-NYC (B)	4,922	13,351	(8,429)	9,745	(4,823)	44,590	359	124	(0.108)	0.37	0.51
CHICAGO-SEA/PORTLAND	30,185	52,537	(22,352)	40,413	(10,228)	291,010	1,845	158	(0.035)	0.57	0.75
CHICAGO-SLC-OAKLAND (C)	34,869	54,816	(19,947)	42,493	(7,624)	293,612	1,772	173	(0.026)	0.64	0.82
(CHI)-SLC-LOS ANGELES (C)	12,758	16,849	(4,091)	12,961	(203)	149,213	377	173	(0.001)	0.76	0.98
(CHI)-SLC-SEATTLE (C)	8,729	19,178	(10,449)	14,983	(6,254)	100,317	790	173	(0.062)	0.46	0.58
CHICAGO-LOS ANGELES	32,738	46,512	(13,774)	33,704	(966)	282,046	1,638	172	(0.003)	0.70	0.97
CHICAGO-NEW ORLEANS	10,541	21,382	(10,841)	15,494	(4,953)	101,880	673	151	(0.049)	0.49	0.68
CHICAGO-SAN ANTONIO-(LA) (D)	9,177	16,839	(7,662)	12,757	(3,580)	112,583	319	216	(0.032)	0.54	0.72
NEW ORLEANS-SAN-LOS ANGELES (D)	8,410	18,814	(10,404)	14,932	(6,522)	93,237	634	216	(0.070)	0.45	0.56
LOS ANGELES-SEATTLE	32,162	43,134	(10,972)	33,964	(1,802)	324,374	1,015	320	(0.006)	0.75	0.95
CHICAGO-NYC/BOSTON	22,341	30,269	(7,928)	22,094	247	173,576	847	205	0.001	0.74	1.01
BOSTON-NEWPORT NEWS	5,925	6,812	(887)	5,538	387	49,247	218	226	0.008	0.87	1.07
NEW YORK-SAVANNAH	7,528	12,214	(4,686)	9,468	(1,940)	62,891	441	143	(0.031)	0.62	0.80
NEW YORK-NEW ORLEANS	19,732	36,963	(17,231)	25,848	(6,116)	177,108	1,007	176	(0.035)	0.53	0.76
(KCY)-STL-CEN-(NBL)	664	1,978	(1,314)	1,293	(629)	7,513	88	85	(0.084)	0.34	0.51
AUTO TRAIN	38,573	32,943	5,630	24,957	13,616	177,331	629	282	0.077	1.17	1.55
TOTAL LONG DISTANCE	358,244	0	0	0	0	3,202,796	16,364	196	(0.018)	0.64	0.86
ROUTE TOTAL	727,573	0	0	0	0	5,194,967	30,187	172	0.008	0.81	1.06
OTHER	317,689										
SYSTEM TOTAL	1,045,262										

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS REPORT.

(A) BROADWAY LIMITED & CAPITOL LIMITED
(B) CARDINAL
(C) COMBINED PM/TM SHOWN FOR CHICAGO-SLC-OAKLAND, (CHI)-SLC-LOS ANGELES, AND (CHI)-SLC-SEATTLE ROUTES.
(D) COMBINED PM/TM SHOWN FOR CHICAGO-SAN ANTONIO-(LA) AND NEW ORLEANS-SAN-LOS ANGELES ROUTES.

NOTES ACCOMPANYING FY88 ROUTE BY ROUTE

GENERAL NOTES:

* INDIVIDUAL ROUTE TOTALS ARE NOT ADDITIVE FOR SHORT-TERM/LONG-TERM AVOIDABLE COST, PROFIT AND LOSS.

ROUTE GROUPS:

NORTHEAST CORRIDOR:
NONE

SHORT DISTANCE:
NONE

403(B):
ALL 403(B) FIGURES INCLUDE STATE PAYMENTS.

403(D):
NONE

LONG DISTANCE:
WASHINGTON-MONTREAL SERVICE SUSPENDED SINCE 4/6/87.
ASSUMES NO OPERATION IN FY 88.

PERFORMANCE CRITERIA:

SHORT DISTANCE:

SHORT-TERM AVOIDABLE (LOSS)/PM: (.135)

LONG DISTANCE:

SHORT-TERM AVOIDABLE (LOSS)/PM: (.120)

THE FOLLOWING ROUTES FAIL THE PERFORMANCE CRITERIA:
NONE

FY1989 ROUTE BY ROUTE FORECAST
AS OF MARCH 30, 1988
$(000'S)

NORTHEAST CORRIDOR	REVENUE	LONG-TERM AVOIDABLE COST	LONG-TERM AVOIDABLE PROFIT/(LOSS)	SHORT-TERM AVOIDABLE COST	SHORT-TERM AVOIDABLE PROFIT/(LOSS)	PASSENGER MILES (000'S)	TRAIN MILES (000'S)	PM/TM	SHORT-TERM AVOIDABLE PROFIT/(LOSS)/PM	REVENUE/ LONG-TERM AVOIDABLE COST	REVENUE/ SHORT-TERM AVOIDABLE COST
METROLINER SERVICE	91,996	53,062	38,934	43,494	48,502	275,333	1,875	147	0.176	1.73	2.12
NEC CONVENTIONALS	173,765	134,207	39,558	107,365	66,400	953,166	5,194	184	0.070	1.29	1.62
NYC-PHILADELPHIA	4,669	4,546	123	3,608	1,061	27,001	168	164	0.039	1.03	1.29
PHILADELPHIA-HARRISBURG	2,398	5,389	(2,991)	4,591	(2,193)	17,903	224	80	(0.122)	0.44	0.52
TOTAL NEC	272,828	0	0	0	0	1,273,403	7,458	171	0.089	1.38	1.72
SHORT DISTANCE											
NYC-NIAGARA FALLS	27,040	34,354	(7,314)	22,751	4,289	174,984	1341	130	0.025	0.79	1.19
CHICAGO-ST. LOUIS	4,626	9,240	(4,614)	7,333	(2,707)	37,702	472	80	(0.072)	0.50	0.63
CHICAGO-MILWAUKEE	2,106	3,407	(1,301)	2,863	(757)	15,806	188	84	(0.048)	0.62	0.74
CHICAGO-DET-TOLEDO	6,817	12,468	(5,651)	10,136	(3,319)	34,415	348	99	(0.096)	0.55	0.67
L.A.-SAN DIEGO	11,102	13,426	(2,324)	11,005	97	72,026	374	193	0.001	0.83	1.01
PORTLAND-SEATTLE	1,248	2,984	(1,736)	2,466	(1,218)	11,328	134	85	(0.108)	0.42	0.51
CHICAGO-INDIANAPOLIS	1,490	3,081	(1,591)	2,505	(1,015)	11,974	142	84	(0.085)	0.48	0.59
ATLANTIC CITY	15,382	11,079	4,303	9,134	6,248	105,708	226	468	0.059	1.39	1.68
TOTAL SHORT DISTANCE	69,811	0	0	0	0	463,943	3,425	141	0.003	0.78	1.02
403B											
PHILA-HARRISBURG	935	1,340	(405)	1,136	(201)	2,436	71	34	(0.083)	0.70	0.82
CHICAGO-SPRINGFIELD	3,171	4,135	(964)	3,281	(110)	19,479	231	84	(0.006)	0.77	0.97
CHICAGO-CARBONDALE	2,890	4,501	(1,611)	3,659	(769)	19,228	226	85	(0.040)	0.64	0.79
CHICAGO-QUINCY	2,878	3,854	(976)	3,185	(307)	14,691	192	77	(0.021)	0.75	0.90
L.A.-SAN DIEGO	11,147	11,228	(81)	9,204	1,943	65,767	442	149	0.030	0.99	1.21
OAKLAND-BAKERSFIELD	10,424	12,231	(1,807)	9,631	793	52,219	456	115	0.015	0.85	1.08
ALBANY-MONTREAL	4,038	3,601	437	2,952	1,086	29,000	177	164	0.037	1.12	1.37
CHICAGO-PORT HURON-(TOR)	3,571	4,367	(796)	3,609	(38)	19,983	231	87	(0.002)	0.82	0.99
KANSAS CITY-ST. LOUIS	5,985	8,220	(2,235)	6,793	(808)	30,235	413	73	(0.027)	0.73	0.88
PHIL-PITTSBURGH-(NYC)	4,703	4,908	(205)	3,834	869	30,559	256	119	0.028	0.96	1.23
CHICAGO-GRAND RAPIDS	2,052	2,744	(692)	2,287	(235)	9,475	128	74	(0.025)	0.75	0.90
TOTAL 403B	51,794	0	0	0	0	293,272	2,823	104	0.008	0.88	1.04
403B											
NYC-PHILADELPHIA	9,248	9,033	215	7,169	2,079	70,460	188	375	0.030	1.02	1.29
PHILA-HARRISBURG	630	1,381	(751)	1,140	(510)	5,174	55	94	(0.099)	0.46	0.55
NYC-HARRISBURG	3,531	3,018	513	2,434	1,097	21,849	102	214	0.050	1.17	1.45
CHICAGO-VALPARAISO	347	861	(514)	723	(376)	3,701	23	161	(0.102)	0.40	0.48
TOTAL 403B	13,756	0	0	0	0	101,184	368	275	0.023	0.96	1.20
LONG DISTANCE											
NYP-FLA: SILVER STAR	28,127	48,122	(19,995)	34,871	(6,744)	286,661	1,212	237	(0.024)	0.58	0.81
NYP-FLA: SILVER METEOR	32,156	48,817	(16,661)	35,633	(3,477)	324,608	1,037	313	(0.011)	0.66	0.90
CHICAGO-NYC/WASH (A)	23,240	41,714	(18,474)	30,228	(6,988)	182,083	1,223	149	(0.038)	0.56	0.77
CHICAGO-WASH-NYC (B)	5,442	13,974	(8,532)	10,200	(4,758)	48,577	359	135	(0.098)	0.39	0.53
CHICAGO-SEA/PORTLAND	30,888	54,990	(24,102)	42,300	(11,412)	309,466	1,885	164	(0.037)	0.56	0.73
CHICAGO-SLC-OAKLAND (C)	35,959	57,376	(21,417)	44,477	(8,518)	311,531	1,772	183	(0.027)	0.63	0.81
(CHI)-SLC-LOS ANGELES (C)	13,021	17,636	(4,615)	13,566	(545)	157,098	577	183	(0.003)	0.74	0.96
(CHI)-SLC-SEATTLE (C)	8,864	20,074	(11,210)	15,683	(6,819)	104,888	786	183	(0.065)	0.44	0.57
CHICAGO-LOS ANGELES	34,187	48,684	(14,497)	35,278	(1,091)	307,383	1,630	188	(0.004)	0.70	0.97
CHICAGO-NEW ORLEANS	11,325	22,380	(11,055)	16,218	(4,893)	109,339	675	162	(0.045)	0.51	0.70
CHICAGO-SAN ANTONIO-(LA) (D)	9,330	17,626	(8,296)	13,353	(4,023)	118,383	319	227	(0.034)	0.53	0.70
NEW ORLEANS-SAN-LOS ANGELES (D)	8,574	19,693	(11,119)	15,629	(7,055)	97,796	634	227	(0.072)	0.44	0.55
LOS ANGELES-SEATTLE	31,714	45,149	(13,435)	35,550	(3,836)	314,964	1,015	310	(0.012)	0.70	0.89
CHICAGO-NYC/BOSTON	23,250	31,682	(8,432)	23,126	124	180,277	847	213	0.001	0.73	1.01
BOSTON-NEWPORT NEWS	6,989	7,130	(141)	5,797	1,192	54,963	218	252	0.022	0.98	1.21
NEW YORK-SAVANNAH	8,071	12,784	(4,713)	9,910	(1,839)	65,700	441	149	(0.028)	0.63	0.81
NEW YORK-NEW ORLEANS	20,167	38,689	(18,522)	27,055	(6,888)	182,700	1,007	181	(0.038)	0.52	0.75
(KCY)-STL-CHI-(NBL)	697	2,071	(1,374)	1,353	(656)	7,798	88	89	(0.084)	0.34	0.52
AUTO TRAIN	40,007	34,482	5,525	26,122	13,885	180,000	629	286	0.077	1.16	1.53
TOTAL LONG DISTANCE	372,008	0	0	0	0	3,344,337	16,364	204	(0.019)	0.64	0.85
ROUTE TOTAL	780,197	0	0	0	0	5,496,221	30,438	181	0.010	0.82	1.08
OTHER	332,003										
SYSTEM TOTAL	1,112,200										

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS REPORT.
(A) BROADWAY LIMITED & CAPITOL LIMITED
(B) CARDINAL
(C) COMBINED PM/TM SHOWN FOR CHICAGO-SLC-OAKLAND, (CHI)-SLC-LOS ANGELES, AND (CHI)-SLC-SEATTLE ROUTES.
(D) COMBINED PM/TM SHOWN FOR CHICAGO-SAN ANTONIO-(LA) AND NEW ORLEANS-SAN-LOS ANGELES ROUTES.

NOTES ACCOMPANYING FY89 ROUTE BY ROUTE

GENERAL NOTES:

- INDIVIDUAL ROUTE TOTALS ARE NOT ADDITIVE FOR SHORT-TERM/LONG-TERM AVOIDABLE COST, PROFIT AND LOSS.

ROUTE GROUPS:

NORTHEAST CORRIDOR:
NONE

SHORT DISTANCE:
ASSUMES ATLANTIC CITY SERVICE BEGINS 4/1/89

403(B):
ALL 403(B) FIGURES INCLUDE STATE PAYMENTS.

403(D):
NONE

LONG DISTANCE:
WASHINGTON-MONTREAL SERVICE SUSPENDED SINCE 4/6/87.
ASSUMES NO OPERATION IN FY 89.

PERFORMANCE CRITERIA:

SHORT DISTANCE:

SHORT-TERM AVOIDABLE (LOSS)/PM: (.162)

LONG DISTANCE:

SHORT-TERM AVOIDABLE (LOSS)/PM: (.126)

THE FOLLOWING ROUTES FAIL THE PERFORMANCE CRITERIA:
NONE

FOREIGN EQUIPMENT PURCHASES

Question. Has Amtrak ever purchased foreign-made equipment, i.e., rolling stock? If so, please list the equipment purchased, the amount, total costs, and the supplier.

Answer. Yes.

Type Of Equipment	Amount	Total Cost	Supplier	Date
RTG I	6 Trains	$ 18,000,000	ANF Industries, France	'81-'82
AEM-7	47 Locos	138,000,000	ASEA/EMD, Sweden	'80-'81
AEM-7	7 Locos	25,789,680	ASEA/EMD, Sweden	8-11/88*

* Expected Delivery Date.

Question. Is Amtrak subject to the "Buy America" provisions that cover mass transit rolling stock purchases?

Answer. Yes.

Question. Is Amtrak considering joining the Northern Virginia Transportation Commission in a buy of Japanese rail coaches?

Answer. No.

Question. Specifically, has Amtrak had any discussions with representative of Japanese firms about such purchases?

Answer. Yes. Amtrak has had discussions with representatives of five different Japanese firms as well as several French firms, one Korean firm and one Canadian firm.

RECORD QUESTIONS

Question. Update the list of Northeast Corridor projects found on Pages 337 through 348 of Senate Hearing 100-354, Part 1

Answer. The updated Northeast Corridor Project list is attached.

PROPOSED ADDITIONAL IMPROVEMENTS-NECIP PROGRAM INCLUDING SAFETY-RELATED ITEMS
(310 LIST)
2-25-88

Title	FY85-FY88 Appropriation	Requested FY89	Additional Requirements FY89	Future Requirements	Total
1. CETC Installation - Wilmington to Newark, N.J. This represents Amtrak's 50% share and assumes 50% will be funded through commuter agencies	--	16.0	--	14.0	30.0
2. Install reverse signaling - Morrisville to Philadelphia	7.9	--	--	--	7.9
3. Centrifugal Relays and Phase Selective Circuits	3.9	--	3.0	25.0	31.9
4. Track Circuits-(Boston)	1.0	--	3.0	1.0	5.0
5. Concrete Ties	29.7	2.4	22.0	--	54.1
6. New York Tunnels	17.6	--	13.0	15.0	45.6
7. Relay Cases	0.5	--	--	--	0.5
8. Signal Cables-(New York)	1.0	--	1.5	--	2.5
9. Track Circuits-(Harrisburg)	--	--	--	5.2	5.2
10. PL-1 Replacement	--	--	0.1	0.3	0.4

Title	FY85-FY88 Appropriation	Requested FY89	Additional Requirements FY89	Future Requirements	Total
11. 3300 Volt Signal Line (Harrisburg)	—	—	—	1.8	1.8
12. Signal Cable-(Harrisburg)	—	—	—	1.0	1.0
13. Circuit Breakers	0.3	—	0.4	0.6	1.3
14. Sub Station Control Cable	0.2	—	0.8	—	1.0
15. 138 KV Switches	—	—	0.3	—	0.3
16. Transmission Line Ground Wire	0.3	—	—	0.6	0.9
17. Supervisory Control-(New York)	—	—	—	0.6	0.6
18. CWR	—	—	—	38.7	38.7
19. New York Service Facility	—	2.0	16.0	9.3	27.3
20. Bridge Rehabilitation	—	—	7.7	60.1	67.8
21. Catenary Renewal	—	—	2.7	5.0	7.7
22. E.T. Rehabilitation	—	—	0.8	1.4	2.2
23. Ditching			—	3.1	3.1
24. Track Rehabilitation	—	—	3.0	8.2	11.2
25. Track Improvements	—	—	4.5	5.4	9.9

Title	FY85-FY88 Appropriation	Requested FY89	Additional Requirements FY89	Future Requirements	Total
26. M/W Bases	--	--	--	15.3	15.3
27. 30th Street Office Building	--	--	--	17.0	17.0
28. 30th Street Station	--	--	--	7.0	7.0
29. North Philadelphia Station	4.8	--	--	--	4.8
30. Color Position Light Signals	--	4.2	--	--	4.2
31. Boston Car Washer	--	--	1.0	--	1.0
32. Passenger Car Modifications	4.0	3.9	--	1.6	9.5
33. Locomotive Modifications	1.4	1.5	--	--	2.9
34. Union & Warren Street Bridges	6.0	--	--	--	6.0
TOTALS	78.6	30.0	79.8	237.2	425.6

Question: What comprises the restricted revenue estimates of $44.6 million in 1988 and $51.4 million in 1989?

Answer: The restricted revenue estimates for FY88 and FY89 are as follows:

	FY88	FY89
Revenue Reserved for Capital		
Revenue Enhancement Contribution	10.5	11.2
Safe Harbor Contribution	17.7	16.2
Real Estate Development Revenue	1.6	3.1
Reserved for Capital	29.8	30.5
Other Restrictions		
Self Insurance Requirement	5.7	6.0
LIRR Project Contribution	7.1	9.8
Atlantic City Revenue Restrictions	-	3.3
Safe Harbor Interest	2.0	1.8
Total Other Restrictions	14.8	20.9
Total Restricted Revenue	$44.6	$51.4

Question: Update the inflation rate assumptions chart found on page 353 of last year's hearing record.

Answer: The inflation information requested is as follows:

	FY 89	
	Inflation Percent	Inflation Impact ($Millions)
Labor/Benefits	4.9%	50.0
Fuel and power	6.3%	6.9
Materials	4.1%	4.6
Food/On-Board Supplies	3.1%	1.1
Other	4.1%	2.7
Non-Inflated	0.0%	0.0
Total	4.3%	65.3
Electricity	8.9%	4.1
Diesel Fuel	4.3%	2.4
Gasoline/mixed fuel	4.3%	0.4
Total	6.3%	6.9

Question. What station improvements were made in fiscal year 1987 and estimated for fiscal year 1988? Include contributions made by "other parties."

Answer. The information is attached below.

STATION/1988	AMTRAK FUNDING	OTHER	TOTAL
ALBUQUERQUE, NM.	$ 1,495	$ 0	$ 1,495
ALEXANDRIA, VA.	$ 25,000	$ 0	$ 25,000
AUSTIN, TX.	$ 1,020	$ 0	$ 1,020
BALTIMORE, MD.	$ 330,075	$ 0	$ 330,075
CACHE JCT., UT.	$ 1,979	$ 5,000	$ 6,979
CANTON, OH.	$ 5,000	$ 0	$ 5,000
CARBONDALE, IL.	$ 11,163	$ 0	$ 11,163
CHARLESTON, SC.	$ 109,900	$ 0	$ 109,900
CHARLESTON, WVA.	$ 23,338	$ 0	$ 23,338
COLUMBUS, WI.	$ 11,765	$ 0	$ 11,765
CONNELLSVILLE, PA.	$ 2,270	$ 0	$ 2,270
DELAND, FL.	$ 10,000	$ 0	$ 10,000
DENVER, CO.	$ 13,000	$ 0	$ 13,000
FARGO, ND.	$ 1,000	$ 0	$ 1,000
FT. EDWARD, NY.	$ 0	$ 40,000	$ 40,000
FRESNO, CA.	$ 3,000	$ 0	$ 3,000
GARDEN CITY, KS.	$ 571	$ 0	$ 571
GLENDALE, CA.	$ 5,000	$ 0	$ 5,000
GREENSBURG, PA.	$ 35,000	$ 35,000	$ 70,000
HARRISBURG, PA.	$ 100,000	$ 100,000	$ 200,000
HINTON, WVA.	$ 2,930	$ 0	$ 2,930
HOMEWOOD, IL.	$ 0	$ 6,000	$ 6,000
HOLLYWOOD, FL.	$ 7,231	$ 0	$ 7,231
HUNTINGTON, PA.	$ 45,000	$ 45,000	$ 90,000
JACKSON, MS.	$ 4,076	$ 0	$ 4,076
JACKSONVILLE, FL.	$ 1,000	$ 0	$ 1,000
KANKAKEE, IL.	$ 8,600	$ 0	$ 8,600
KANSAS CITY, MO.	$ 751	$ 0	$ 751
KLAMATH FALLS, OR.	$ 6,715	$ 0	$ 6,715
LAKELAND, FL.	$ 2,000	$ 0	$ 2,000
LANCASTER, PA.	$ 12,799	$ 12,799	$ 25,598
LAPLATA, MD.	$ 10,544	$ 0	$ 10,544
LEWISTOWN, PA.	$ 31,500	$ 31,500	$ 63,000
LIBBY, MT.	$ 12,169	$ 0	$ 12,169
LINCOLN, IL.	$ 675	$ 0	$ 675
LORTON, VA.	$ 180,000	$ 0	$ 180,000
MERIDIAN, MS.	$ 3,284	$ 0	$ 3,284
MILWAUKEE, WI.	$ 650	$ 0	$ 650
NEW CARROLLTON, MD.	$ 165,000	$ 0	$ 165,000
NORMAL, IL.	$ 290,000	$ 290,000	$ 580,000
NORTH PHILADELPHIA, PA.	$ 0	$ 6,000,000	$ 6,000,000
OAKLAND, CA.	$ 179,500	$ 0	$ 179,500
OCALA, FL.	$ 9,895	$ 0	$ 9,895
PETERSBURG, VA.	$ 8,750	$ 0	$ 8,750
POCATELLO, ID.	$ 482	$ 0	$ 482
PONTIAC, IL.	$ 1,180	$ 1,180	$ 2,360
PITTSBURGH, VA.	$ 0	$ 3,000	$ 3,000
RHINECLIFFE, NY.	$ 7,000	$ 0	$ 7,000
SACRAMENTO, CA.	$ 819	$ 0	$ 819
SALEM, OR.	$ 3,000	$ 0	$ 3,000
SALISBURY, NC.	$ 1,200	$ 0	$ 1,200
SAN BERNARDINO, CA.	$ 9,000	$ 0	$ 9,000
SAN JUAN CAPISTRANO, CA.	$ 0	$ 229,508	$ 229,508
SAN LUIS OBISPO, CA.	$ 8,306	$ 0	$ 8,306
SANFORD, FL.	$ 145,000	$ 0	$ 145,000
SARATOGA SPRINGS, NY.	$ 7,350	$ 13,650	$ 21,000
SEATTLE, WA.	$ 15,040	$ 0	$ 15,040
SPRINGFIELD, IL.	$ 30,000	$ 35,000	$ 65,000

STATION/1988	AMTRAK FUNDING	OTHER	TOTAL
SPRINGFIELD, MA.	$ 2,000,000	$ 0	$ 2,000,000
ST. PAUL, MN.	$ 1,300	$ 0	$ 1,300
ST. PETERSBURG, FL.	$ 7,210	$ 0	$ 7,210
STOCKTON, CA.	$ 3,500	$ 0	$ 3,500
TAMPA, FL.	$ 875	$ 0	$ 875
TICONDEROGA, NY.	$ 25,000	$ 35,000	$ 60,000
TOLEDO, OH.	$ 1,200	$ 0	$ 1,200
TYRONE, PA.	$ 25,500	$ 25,500	$ 51,000
UTICA, NY.	$ 10,863	$ 0	$ 10,863
VANCOUVER, WA.	$ 12,000	$ 0	$ 12,000
WALDO, FL.	$ 5,917	$ 0	$ 5,917
WASHINGTON, DC.	$ 410,000	$ 0	$ 410,000
WESTPORT, NY.	$ 20,000	$ 20,000	$ 40,000
WHITEHALL, NY.	$ 25,000	$ 40,000	$ 65,000
WHITE SULPHUR SPRINGS,WVA	$ 12,040	$ 0	$ 12,040
WINONA, MN.	$ 19,050	$ 0	$ 19,050
TOTAL	$ 4,481,477	$ 6,968,137	$ 11,449,614

STATION/1987	AMTRAK FUNDING	OTHER	TOTAL
ALTON, IL.	$ 7,100	$ 4,500	$ 11,600
ATLANTA, GA.	$ 5,400	$ 0	$ 5,400
AUSTIN, TX.	$ 33,514	$ 0	$ 33,514
BATESVILLE, TX	$ 21,200	$ 0	$ 21,200
BEAUMONT, TX.	$ 3,368	$ 0	$ 3,368
BIRMINGTON, AL.	$ 1,300	$ 0	$ 1,300
BORIE, WY	$ 80,591	$ 0	$ 80,591
BROWNING, MT.	$ 2,280	$ 0	$ 2,280
BURLINGTON, IA.	$ 76,500	$ 0	$ 76,500
CHAMPAIGN, IL.	$ 53,578	$ 0	$ 53,578
CHARLESTON, SC.	$ 4,261	$ 0	$ 4,261
CHARLESTON, WVA.	$ 430	$ 0	$ 430
CHARLOTTE, NC.	$ 11,500	$ 0	$ 11,500
CHARLOTTESVILLE, VA.	$ 12,700	$ 0	$ 12,700
COLFAX, CA.	$ 10,000	$ 0	$ 10,000
DEERFIELD BEACH, FL.	$ 950	$ 0	$ 950
DENAIR, CA.	$ 3,000	$ 0	$ 3,000
DENMARK, SC.	$ 3,500	$ 0	$ 3,500
DENVER, CO.	$ 8,086	$ 0	$ 8,086
DEVILS LAKE, ND.	$ 280	$ 0	$ 280
DYRSBURG, TN.	$ 3,000	$ 0	$ 3,000
EAST LANSING, MI.	$ 37,000	$ 0	$ 37,000
EMPORIA, KS.	$ 7,650	$ 0	$ 7,650
EVERETT, WA.	$ 6,571	$ 0	$ 6,571
FARGO, ND.	$ 2,600	$ 0	$ 2,600
FLORENCE, SC.	$ 2,500	$ 0	$ 2,500
FREDERICKSBURG, VA.	$ 1,210	$ 0	$ 1,210
FRESNO, CA.	$ 6,000	$ 0	$ 6,000
GALLUP, NM.	$ 12,011	$ 0	$ 12,011
GARDEN CITY, KS.	$ 4,050	$ 0	$ 4,050
GLENWOOD SPRINGS, CO.	$ 12,040	$ 0	$ 12,040
GRAND JCT., CO.	$ 15,000	$ 0	$ 15,000
GREENSBORO, SC.	$ 282	$ 0	$ 282

STATION/1987	AMTRAK FUNDING	OTHER	TOTAL
HAVRE,MT.	$ 2,200	$ 0	$ 2,200
INDEPENDENCE, MO.	$ 218	$ 0	$ 218
JACKSON, MS.	$ 6,300	$ 2,500	$ 8,800
JESUP, GA.	$ 245	$ 0	$ 245
KINGSTREE, SC.	$ 750	$ 0	$ 750
KIRKWOOD, MO.	$ 249	$ 0	$ 249
LAKE CHARLES, LA.	$ 14,211	$ 0	$ 14,211
LAKELAND, FL.	$ 1,000	$ 0	$ 1,000
LIBBY, MT.	$ 5,904	$ 0	$ 5,904
LONGVIEW, TX.	$ 16,000	$ 0	$ 16,000
MATTOON, IL.	$ 1,301	$ 0	$ 1,301
MARTINSBURG, WVA.	$ 12,000	$ 0	$ 12,000
MAYSVILLE, KY.	$ 16,520	$ 0	$ 16,520
MENDOTA, IL.	$ 3,450	$ 3,450	$ 6,900
MILWAUKEE, WI.	$ 49,620	$ 0	$ 49,620
NEWPORT NEWS, VA.	$ 400	$ 0	$ 400
OAKLAND, CA.	$ 36,038	$ 0	$ 36,038
OCALA, FL.	$ 2,558	$ 0	$ 2,558
OKEECHOBEE, FL.	$ 1,600	$ 0	$ 1,600
ORLANDO, FL.	$ 2,000	$ 0	$ 2,000
PETERSBURG, VA.	$ 750	$ 0	$ 750
PONTIAC, IL	$ 313	$ 312	$ 625
PORTAGE, WI.	$ 4,500	$ 0	$ 4,500
PRINCE, WVA.	$ 52,755	$ 0	$ 52,755
PROVO, UT.	$ 9,457	$ 0	$ 9,457
RANTOUL, IL.	$ 1,250	$ 6,450	$ 7,700
RENO, NV.	$ 3,000	$ 0	$ 3,000
RICHMOND, CA.	$ 4,444	$ 0	$ 4,444
ROCKY MT. NC.	$ 2,600	$ 0	$ 2,600
SACRAMENTO, CA.	$ 8,000	$ 0	$ 8,000
SANTA BARBARA, CA.	$ 0	$ 50,864	$ 50,864
SAVANNAH, GA.	$ 10,975	$ 0	$ 10,975
SEATTLE, WA.	$ 50,794	$ 0	$ 50,794
SEBRING, FL.	$ 3,000	$ 0	$ 3,000
SHELBY, MT.	$ 8,830	$ 0	$ 8,830
SOUTHERN PINES, NC.	$ 4,050	$ 0	$ 4,050
SPARKS, NV.	$ 45,000	$ 0	$ 45,000
ST. CLOUD, MN.	$ 8,000	$ 0	$ 8,000
STAPLES, MN.	$ 400	$ 0	$ 400
TEMPE, AZ.	$ 900	$ 0	$ 900
TUSCALOOSA, AL.	$ 5,325	$ 0	$ 5,325
VANCOUVER, WA.	$ 3,000	$ 0	$ 3,000
WALDO, FL.	$ 800	$ 0	$ 800
WASCO, CA.	$ 2,000	$ 0	$ 2,000
WEST WUINCY, MO.	$ 900	$ 1,750	$ 2,650
WILLISTON, ND.	$ 14,734	$ 0	$ 14,734
WILSON, NC.	$ 1,750	$ 0	$ 1,750
WINONA, MS.	$ 850	$ 0	$ 850
WINTER HAVEN, FL.	$ 16,800	$ 0	$ 16,800
WINTER PARK, FL.	$ 9,600	$ 0	$ 9,600
YEMASSEE, SC.	$ 1,910	$ 0	$ 1,910
TOTAL	$ 898,703	$ 69,826	$ 968,529

STATION/1989	AMTRAK FUNDING	OTHER	TOTAL
ATLANTA, GA.	$ 250,000	$ 0	$ 250,000
BARSTOW, CA.	$ 75,000	$ 75,000	$ 150,000
CHARLOTTESVILLE, VA.	$ 350,000	$ 0	$ 350,000
CHICAGO, IL.	DEVELOPMENT PROJECT		
FT. WAYNE. IN.	$ 140,000	$ 0	$ 140,000
JOLIET, IL.	$ 150,000	$ 0	$ 150,000
LITTLE ROCK, AK.	$ 75,000	$ 75,000	$ 150,000
MEMPHIS, TN.	CITY PROJECT		
NEW ROCHELLE, NY.	$ 300,000	$ 0	$ 300,000
SANTA BARBARA, CA.	$ DEVELOPMENT PROJECT		
SOUTH BEND, IN.	$ 100,000	$ 150,000	$ 250,000
SPRINGFIELD, IL.	$ 250,000	$ 250,000	$ 500,000
TOTAL	$ 1,690,000	$ 550,000	$ 2,240,000

QUESTIONS SUBMITTED BY SENATOR BYRD

Question. On March 9-11, Amtrak ran a test train from Lynchburg to Roanoke to Huntington. Since this is one of the alternate routes that has been suggested should the Mountain Subdivision track be abandoned, could you tell me the purpose of that test run and what were the results of that test run?

Answer. The purpose of the March 9-11 Amtrak test train was to examine or reexamine possible alternate routes for the Cardinal. Based on our findings, Amtrak concluded that the route of the Cardinal should remain unchanged between Clifton Forge and Cincinnati. No decision has been made with regard to routing east of Clifton Forge, and various alternatives remain under study.

Question. What is Amtrak doing to insure the viability of the Cardinal--Do you plan to protest any proposal put forth by CSX to abandon the Mountain Subdivision track?

Answer. Amtrak has not yet made a decision as to rerouting the Cardinal east of Clifton Forge or whether to protest any CSX proposal to abandon the Mountain Subdivision.

BLUE RIDGE:

Question. On another issue, Amtrak has contracted with the Maryland Department of Transportation to operate the Blue Ridge commuter train. I have had a number of complaints from West Virginians who take the Blue Ridge over the consistently late arrival times and equipment failures. When does that contract with Maryland expire?

Answer. Amtrak's contract with Maryland for its operation of the Blue Ridge expires December 31, 1989.

Question. What has Amtrak done to address the problems that have been experienced by those commuters on the Blue Ridge?

Answer. Maryland DOT operates this service and, in talking with MARC officials, they have indicated that some of the passengers are upset about recent fare changes. Also, there have been some operational problems with equipment and CSX. MARC is addressing these issues.

Question. How much money does Amtrak pay to Maryland to operate the Blue Ridge? How much does Amtrak pay for an engine?

Answer. Amtrak pays Maryland $230,000 per year to operate the Blue Ridge. However, Amtrak estimates that it saves approximately $500,000 per year as a result of Maryland's operating the Blue Ridge. Amtrak has a contractual obligation to supply Maryland with a locomotive each weekday until January 1, 1989. Amtrak pays Maryland $500.00 per day when a locomotive is not supplied.

Question. Does Amtrak's budget request allow for any capital improvements, such as the purchase of new coaches?

Answer. Because a major equipment order would consume all of Amtrak's limited capital resources, Amtrak's budget request does not include a purchase for new coaches. Instead, we have requested funds to reactivate and upgrade several stored Capitoliner coaches for San Diego, Atlantic City, Michigan and Northeast Corridor services. The request also contemplates modifying several Amfleet coaches to add passenger carrying capacity to the fleet in FY89. Beyond those actions, Amtrak is vigorously studying alternative ways of acquiring additional coach capacity including leasing, builder financing, and reconstructing older unserviceable equipment. However, to date, no plans have been finalized and no decisions have been made for acquiring additional coaches using those alternative means.

Question. Do you have any cost-to-benefit ratio on increased revenues that would be derived from increasing the capacity of Amtrak's fleet to handle additional demand?

Answer. Yes. Our projections for the new Viewliner sleepers and coaches show considerable economic benefit from initiating this program. The latest studies project that Amtrak's subsidy requirement would be reduced by over $18 million annually. On the Cardinal alone, we project an annual savings of over $1.5 million annually with this equipment. These benefits would result from the increased capacity of the equipment (34-berths instead of 22 in the sleeper; 59-seats instead of 44 in the coach) as well as being able to market the equipment as all new with state-of-the-art passenger amenities.

QUESTIONS SUBMITTED BY SENATOR D'AMATO

Question. With respect to the planned West Side rail connection in Manhattan, how are you coming in your negotiations with the Jacob Javits Convention Center through whose property you will build your tunnel?

Answer. As you may know, we've been negotiating for over two years with the convention center so that we can build a tunnel to connect Penn Station with the existing West Side rail line. As recently as a month ago, I would have reported that we were very near execution of a satisfactory agreement. Unfortunately, however, we have recently run into a very serious road block because the MTA has instructed the Convention Center not to execute our agreement until an issue relating to the location of a ventilation structure over our tunnel has been resolved.

The MTA has proposed building, at some future time, some form of subway or people mover under West 33rd Street. I understand that the MTA's proposal is at an early stage--it certainly has not been funded--and is only one of a number of proposed ways to link the Convention Center area to Penn Station. The problem is that the New York City Fire Department has insisted that we put a ventilation structure above our tunnel under 33rd Street and MTA's proposed subway is incompatible with that structure.

Regrettably, this issue is a major concern. Because the ventilation structure is a requirement of the Fire Department, any change in its location would have to first be approved by that Department. We have serious doubts though about whether the Fire Department will let us move the structure north of 33rd Street because the tunnel portal is less than a block away at 34th Street. (As you know, the area south of 33rd Street is where the Long Island Rail Road has its new service yard, and there simply is no room there for a ventilation structure.) Even if the Fire Department approves such a move, we estimate that relocating our ventilation structure will add over $1 million to the cost of our project, and will delay completion by as much as a year.

Furthermore, the MTA proposed alignment under 33rd Street may make it impossible for us to provide permanent access for the New York City Sewer Department to a new sewer we are constructing in connection with our project. The Sewer Department has insisted on having access at this location and the alternative solutions acceptable to that Department could cost as much as $11 million more than we currently have budgeted for sewer work.

In summary, therefore, I am very concerned that the plans of MTA, which even MTA acknowledges are only in the earliest stages of development, may so raise the costs of our project--and so delay it--to make me question whether we could proceed at all.

Question. Are you supportive of "random drug testing"? Random testing is provided for in H.R. 3051, the Air Passenger Protection Act of 1987, which is now bogged down in conference.

Answer. Yes, I have express unqualified support for legislation requiring random drug and alcohol testing of all safety-related railroad personnel.

Question. What, if anything, have you done to promote "random drug testing" procedures for rail road employees?

Answer. I have testified before the House Energy and Commerce Committee in hearing on drug testing and have submitted testimony to hearings on the same issue in the Senate Commerce Committee and the Senate Judiciary Committee. I've also worked with former Dean of the Harvard Law School and Solicitor General of the United States, Honorable Irwin N. Griswold, to obtain his opinion on the constitutionality of legislation requiring random alcohol and drug testing for Amtrak safety-related personnel; Mr. Griswold's conclusion was that such legislation would withstand constitutional scrutiny.

UPSTATE AMTRAK SERVICE
EXTRA WEEKEND TRAIN FROM ALBANY TO NIAGARA FALLS/BUFFALO

Question. When will the added service begin?

Answer. Train 31, the Sleepy Hollow, commences on Sunday, May 15 (it also runs Thursday and Friday). Train 34, the Storm King, also commences on May 15, and also runs Friday.

Question. I realize the funding problems that Amtrak is struggling with. Therefore, I simply ask for your assurance that you will again review this matter and consider the role that Amtrak may be capable of playing in order to keep Amtrak service alive at the Rome station. Will you review this issue?

Answer. Yes. Amtrak was prepared to abandon the Rome station because it was in such poor physical condition and Amtrak lacked the capital resources to address needed station improvements. In addition, the Utica station is only 15 miles away from Rome.

The City of Rome agreed to fund a small replacement facility in Rome consisting of a shelter, platform and lighting. However, the County (Oneida County) approved $200,000 for renovating the old station.

Amtrak has agreed to transfer ownership of the station to the City, which will then take financial responsibility for renovating and operating the structure. Appropriate documents to make the transfer are being prepared and the transfer is expected in the near future.

Question. Amtrak has asked that Congress repeal Section 306(G) of the Rail Passenger Service Act, which subjects Amtrak to the requirements of the Freedom of Information Act (FOIA). Evidently, Amtrak believes that application of these disclosure requirements to an operating railroad is of marginal public benefit at a large cost to Amtrak in resources and time.

I understand that many state rail entities which operate passenger service are subject to local "Sunshine" laws regarding public disclosure of information, especially regarding contract bids.

Does the disclosure of information by passenger railroads help the public? Why should Amtrak be exempted from FOIA?

Answer. Application of the FOIA to an operating railroad like Amtrak has at best proved to be of marginal public benefit at a significant cost in resources and time to Amtrak, and at worst has worked to Amtrak's competitive and legal disadvantage. Experience has shown that virtually all information which the public could want about Amtrak's performance and its compliance with its statutory goals is routinely made available through other public channels. Congressional reauthorization and the annual appropriations process provide for detailed analyses of the Corporation's past performance, projections and budgets, all of which is readily available to the public. And, recognizing its duty to keep the public well informed, Amtrak regularly disseminates substantial amounts of information through its Government and Public Affairs and its Marketing Departments. Because of the intense public scrutiny to which Amtrak already is subject, little if any public benefit is gained through FOIA applicability.

The vast preponderance of FOIA requests -- 91 percent -- are not at all directed to information related to Amtrak's operating or financial performance or its corporate policies.

Many requests are used by litigants seeking to expand the scope of discovery authorized by the court in litigation against Amtrak. These requests frequently require Amtrak to collect and provide data the production of which the court already has refused to compel, and place Amtrak at an unfair litigation disadvantage. By far, however, the greatest number of requests are for competitive information submitted to Amtrak by third parties bidding on Amtrak contracts. When such information is requested, Amtrak frequently must contact the various persons or firms who submitted the data in order to obtain their permission to release it. The inevitable result is that the initial FOIA request triggers requests by all parties who either bid or were interested in bidding on the contract. The impact can be very anticompetitive. For example, many of the requests concern bids on the supply of products which Amtrak yearly must purchase. Knowledge by potential bidders of the prices other bidders offered can have the effect of fixing of inflating the prices which Amtrak ultimately must pay. During calendar year 1987, 84 percent of the requests Amtrak received were for bid information, which impairs the competitive nature of the process and can result in inefficient use of Federal funds.

Question. Amtrak soon will test a European train, the Talgo, on the New York-to-Boston route, correct?

Answer. Yes.

Question. Does this equipment comply with all safety requirements that U.S. rail passenger cars must meet? Specifically, does it comply with crashworthiness standards?

Answer. The Talgo equipment does not meet all specific U.S. safety requirements relative to crashworthiness but does comply with U.I.C. (International Union of Railroads) safety standards, which in many instances are similar.

Question. If you want to use this train in regular passenger service in the U.S., will you insist that it be brought into conformity with U.S. safety standards? Or will you seek a permanent waiver of those standards?

Answer. If the Talgo train were to be used in regular passenger service, Amtrak would insist that it be brought into conformity with U.S. safety standards.

Question. Is it safe, reasonable, or fair to exempt the Talgo from U.S. safety standards that all other manufacturers are required to meet?

Answer. Amtrak has only requested a waiver from U.S. safety standard for purposes of testing the passive tilt mechanism the trainset employs.

Question. The New York-to-Boston right-of-way is shared with freight traffic. As we have seen in the New York-to-Washington corridor, this mixed traffic creates an extra potential for serious accidents. Should passenger equipment that will be used in mixed service have to meet more stringent safety standards than equipment that will operate on a dedicated right-of-way?

Answer. Amtrak believes that existing U.S. safety standards are adequate for mixed traffic. Most of the safety standards were originally adopted by the Association of American Railroads (AAR) for operation of passenger cars in such mixed service.

QUESTIONS SUBMITTED BY SENATOR WEICKER

Question. If you want to use this train in regular passenger service in the U. S., will you insist that it be brought into conformity with U. S. safety standards? Or will you seek a permanent waiver of those standards?

Answer. Yes, if this equipment is run permanently, waivers from the FRA will be requested. The Talgo equipment could not be run in regular service because it is not built to American standards, i.e., it is not compatible with platform heights, etc. If operator tests are acceptable, the equipment would have to be rebuilt with these, and possibly other changes, to meet FRA requirements. All equipment would require an FRA waiver to operate on curves at higher speeds than present FRA regulations permit, and in excess of 110 MPH.

Question. Could you tell me the status of the proposed sale of the New Haven facility?

Answer. Amtrak and the Connecticut Department of Transportation are currently negotiating the terms of an Agreement of Sale. Closing is expected by September 1988.

Question. While I realize a freeze at the Fiscal Year 1988 level would impact your capital program, are there any capital projects that can be delayed without substantially increasing their cost?

Answer. It is very hard to foresee what the cost impact would be on a capital project if it were to be deferred. Changing economic conditions, supplier availability, delivery schedules all would have an impact on the cost of a project. However, what can be said is that deferring essential capital projects is just bad business. Capital investments are made to reduce costs and increase revenues. Typically, a capital investment will pay for itself many times over. If capital investments are not made, opportunities to reduce Amtrak's dependence on the federal subsidy will be foregone, service quality will deteriorate, and service levels would eventually have to be reduced to sustain safe train operations.

DEPARTMENT OF TRANSPORTATION

FEDERAL RAILROAD ADMINISTRATION

STATEMENT OF JOHN H. RILEY, ADMINISTRATOR

ACCOMPANIED BY:
- **SUSAN M. COUGHLIN, DEPUTY ADMINISTRATOR**
- **WILLIAM E. LOFTUS, EXECUTIVE DIRECTOR**
- **JOSEPH W. WALSH, ASSOCIATE ADMINISTRATOR FOR SAFETY**
- **RAY ROGERS, ASSOCIATE ADMINISTRATOR FOR ADMINISTRATION**
- **S. MARK LINDSEY, CHIEF COUNSEL**
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- **GRADY C. COTHEN, ACTING ASSOCIATE ADMINISTRATOR FOR POLICY**
- **ROBERT KRICK, DIRECTOR OF RESEARCH AND DEVELOPMENT**
- **WILLIAM R. BALLERINI, DIRECTOR OF BUDGET**

STATEMENT OF MR. RILEY

Senator LAUTENBERG. Our next witness is John Riley.

Mr. RILEY. Thank you, Mr. Chairman. In light of the lateness of the hour, I am going to do something I normally don't do and request that the totality of my statement be placed in the record without going over it.

But there is one point that I want to pull out of my statement and emphasize as strongly as I can. And that is the segment of the budget recommendation that deals with safety personnel, because we really need the committee's help on that issue. Let me put it in perspective.

SAFETY STATISTICS

We don't have final numbers for 1987 because there is a week left in the reporting period. But through the first 11 months and 3 weeks of the year—and I doubt anything will change in the last week—1987 has given us our safest year since we began to keep records. Our safest year whether you measure it in terms of the number of accidents, in terms of the normalized accident rate, in terms of injuries or onduty fatalities. The bottom line is the numbers we recorded in 1987 were the lowest numbers we have recorded in more than three decades of recordkeeping. The best part about the numbers is that it is not just a 1-year phenomenon, it is a trend.

This unquestionably, since there are 10 months left in the administration, is going to be my last appearance with an appropriations recommendation. During the 4 years that we have all worked together on these issues, we have seen the accident rate in this industry cut by more than one-third. I don't think that any other industry can cite anything close to that for progress during the past 4 years.

But there is a down side to these numbers, and I want to make it clear what that is. If you look behind the aggregate numbers, the preponderance of the improvement has come in the track, signal, and hardware areas. The areas where we have the authority to regulate. And that was clear again in 1987. Track-related accidents are down about 7 percent in 1987. But in the areas where we don't have authority as in the human factor area, which includes alcohol and drugs the accident rate went up 5 percent last year. This situation encompasses virtually all of our fatalities, in fact, an amazing statistic is that little over 60 percent of our fatalities came in alcohol- and drug-related accidents—an amazing number.

When you look into the future, there are several things I think must be done if we this year and then my successor, Republican or Democrat, in the years thereafter are going to keep these trends going down and deal with this human factor issue. The most important things that need to be done have already been done by the Senate in the passage of the omnibus safety bill which grants us authority to deal with things we have never been able to deal with before. Issues ranging all the way from employee jurisdiction to engineer qualifications, which I know the chairman has been very involved in and I feel very strongly about, use of national driver register and a long overdue enhancement of our civil penalty authority. But there are other things that have to be done as well.

REQUEST FOR ADDITIONAL SAFETY PERSONNEL

We are asking in this budget for seven additional safety sensitive positions and I want to emphasize very strongly why we need them. Three of these positions are in the safety inspection area. A year ago, we did a staffing study to determine what our proper inspector staffing and allocation ought to be. That study recommended a field force of 330. We were at 325. I think if you are going to do these studies, you ought to use their results. We have come back before the committee to request three positions.

REQUEST FOR ADDITIONAL LEGAL PERSONNEL

The second request is even more important. And I want to spend a minute explaining why. We have 19 lawyers out of 27 personnel on our chief counsel's staff today. They are an essential part of our safety enforcement operation. We do not have strict liability, civil penalty authority. When we file a civil penalty, it is a lawsuit. The railroad is entitled to assert defenses, to take discovery, to contest it the way you would contest any lawsuit.

Our attorneys are the ones who prosecute those suits, carry on the discovery, handle the collection process. The attorneys perform this essential part of the safety effort. In the 4 years that I have been here, the number of compliance actions that we have commenced against railroads has gone up from 2,200 in the year before I came to 7,200 last year. We have increased the number of compliance actions prosecuted by 3½ times with no increase in manpower. This larger workload has resulted in it taking us longer and longer to collect our assessments. And the more you delay the collection, the less deterrent value they have. Instead of being able to collect assessments in 4 to 5 months, it is now taking us 9 to 10 months, and we still have substantial collections from last year that have not been done this year for sheer want of manpower.

What complicates the situation is that the same attorneys who do the collections and who prosecute these actions are the attorneys who do our safety regulatory drafting. In a year like 1987, when we had to do so much drafting work with legislation, automatic train control, the different things that came out of Chase, it caused substantial diversions away from enforcement. The bottom line is very simple. There is no amount of management that can take a work force, increase their workload 3½ times in the compliance area and still be able to turn things around as quickly as we did 4 years ago. We have asked for four additional attorneys. From a base of 19, this is a very large increase in our legal staff, but we really need it.

I realize, Mr. Chairman—and this was reemphasized to me when I testified on this on the House side—that you face the same problems we do in having to meet general ceilings, both budgetary and FTE. And it is tough to carve out extra positions when everybody is shrinking. I would only say that at a time when there is rapid shrinkage going on in FTE levels all over the government, we fought hard to be able to come up to this committee to ask for seven extra positions and I really respect the Department for supporting us. It has really got to be done.

In the next year, we expect to acquire jurisdiction over operating employees. We expect to be facing a series of new regulatory initiatives, including engineer training and a variety of others. In addition to that, I have no intention of reversing the trend that we have followed in our enforcement policies. We have gone from 2,200 actions to 7,200. I believe we are going to be over 8,000 next year. And we simply can't do that with the number of personnel we have today.

I appreciate the difficulties the committee has in dealing with these things. So do we. But I hope you will give full consideration to this.

PREPARED STATEMENT

The rest of my testimony is for the record. I know you have had a chance to review it. We would be glad to answer any questions the committee might have.

[The statement follows:]

STATEMENT OF JOHN H. RILEY

Mr. Chairman and members of the Subcommittee, I appreciate the opportunity to appear before you today to present the FY 1989 budget request for the Federal Railroad Administration (FRA).

FRA's request for $56,647,000 in budget authority and 652 permanent positions continues to focus Federal resources on rail safety programs and related responsibilities.

I will summarize that request by appropriation.

OFFICE OF THE ADMINISTRATOR

The request for the Office of the Administrator for FY 1989 is $18,292,000 in budget authority which is $4,585,000 less than the FY 1988 enacted level. We are requesting 190 permanent positions for FY 1989, a net decrease of 13 positions from the level authorized in FY 1988.

For "Salaries and Expenses," FRA is requesting $12,238,000 to support 190 permanent positions. The budget authority request is a net increase of $237,000 above the $11,981,000 program level approved by Congress for FY 1988 including transfers of carryover funds from other sources. The request includes $601,000 for mandatory cost increases and is partially offset by program decreases of $344,000. The staffing level is a net decrease of 13 positions from 1988. We are requesting four additional safety attorneys to handle the tremendous increase of safety program demands and legal workload increases resulting from actions FRA has taken over the past two years in addition to the anticipated workload which will arise from pending legislative proposals and rulemakings. These are partially offset by staffing reductions elsewhere of 17 positions related to the diminished program requirements and curtailment of funding for passenger and freight programs including Amtrak, Northeast Corridor Improvement Project, Local Rail Service Assistance, Redeemable Preference Shares and Loan Guarantees.

FRA is requesting $1,420,000 for "Contract Support." Last year, the Congress approved $720,000 to maintain our Office of Policy's data acquisition and analyses capabilities. Our request for FY 1989 increases by $400,000 to $1,120,000 primarily to provide analyses of changes in the freight industry including use of double-stack intermodal trains and the establishment of short line and regional railroads, and to provide analyses of policy options regarding a variety of rail labor issues. Also, $300,000 is requested to do a study of Amtrak's marketing process, labor costs and asset valuation in order to facilitate the Administration's policy of eliminating the need for Federal subsidies.

The annual rent payment for "Washington Union Station" is $3.5 million. In FY 1988, Congress appropriated $2,880,000 and the balance came from carryover funds from Rail Service Assistance. For FY 1989, our request is for $2,741,000 in budget authority and the balance of $759,000 is expected to come from anticipated garage revenues. The Department has negotiated with the owners to purchase the facility at substantial savings over future rent payments.

The final item under this appropriation is the "Alaska Railroad Workers' Compensation" payments. In FY 1988, any payments were to come from carryover funds remaining in the Rail Service Assistance appropriation. However, these funds have all been depleted to provide carryover to other program areas suggested by the Committees. We requested that the Department of Labor bill us on an actual basis similar to the procedure for other appropriations accounts. Any charges for FY 1988 will be paid from unexpended balances remaining in the Alaska Railroad Revolving Fund. For FY 1989, FRA will require an estimated appropriation of $1,893,000 including one-time lump sum payments for buyouts.

RAILROAD SAFETY

For Railroad Safety, FRA is requesting $28,518,000 and 447 permanent positions. This does not include Railroad Safety Research and Development which is highlighted later.

The request for "Federal Enforcement" is $23,562,000 and 382 permanent positions. This is an increase of $1,261,000 and 3 positions over the FY 1988 level. Mandatory cost increases in salaries, travel, rent and benefits account for $756,000. FRA is requesting $505,000 in program changes including field automation equipment and support services, and three additional field safety supervisor positions in Philadelphia, Kansas City and Atlanta.

The request for the "Automated Track Inspection Program" is $1,140,000, the same level as FY 1988. This will provide approximately 25,000 miles of track surveys. This year, we will be paying the contractor increased overhead fees and overtime pay for its employees in addition to increases in the carrier charges for crews, fuel and support services.

The request for the "Safety Regulation and Program Administration" is $3,816,000 and 65 permanent positions. The increase of $239,000 from FY 1988 is primarily mandatory cost increases for salaries, benefits, travel and rent, but also includes a quality control contract which will provide scientific and technical oversight of the post-accident testing process and results at the Center for Human Toxicology at the University of Utah.

Overall, the railroad industry's safety performance in recent years has been remarkable. Preliminary figures for the first 11 months of 1987 indicate that reportable accidents declined an additional 5.8 percent from the same period in 1986, which had been the best year ever in terms of accidents. Track related accidents declined by 9.0 percent, and grade crossing accidents declined by 2.7 percent. Unfortunately, human factor accidents increased by 2.5 percent, but employee on duty fatalities and injuries declined by 9.3 percent and 5.3 percent respectively.

The accident at Chase, Maryland, which resulted in 16 fatalities, was largely responsible for the 2.7 percent increase in fatalities in 1987. Total injuries, however, declined 6.5 percent and hazardous materials release declined 15.2 percent It should also be kept in mind that these improvements took place over a period of increased rail activity; total train miles increased by 1.7 percent in the first 11 months of 1987 as compared to the same period in 1986.

RAILROAD SAFETY RESEARCH AND DEVELOPMENT

For FY 1989, the request for Railroad Safety Research and Development is $9,297,000, about the same level as FY 1988, to support FRA's safety regulation and enforcement activities. In the 1989 program, we will be addressing safety needs in locomotive cab design improvements, training requirements for train dispatchers, hazardous materials transport, highway-railroad grade crossings, track components, advanced automatic train control systems, railroad equipment component failures and operating practices.

AMTRAK

With Federal deficit projections exceeding $130 billion in FY 1989, we simply cannot continue to annually subsidize more than $600 million in Amtrak operating losses and capital requirements. Amtrak subsidies average $30 for each passenger Amtrak carries and have exceeded $13 billion in the seventeen years of its existence. Should Amtrak continue to receive a Federal subsidy, that additional subsidy would likely exceed $3 billion over the five year budget cycle. In fact, the authorization level requested by Amtrak for FY 1989 is actually $49.2 million higher than the amount appropriated a year ago. These are the policy considerations that have driven our position on Amtrak funding in past years. But they have even greater impact in FY 1989, because of the historic Bipartisan Budget Agreement on deficit reduction reached last November between the White House and Congressional leaders.

The budget targets established for the coming fiscal year have been established by consensus. They are meaningful ceilings. Every dollar appropriated for Amtrak represents a direct trade-off against essential human needs programs, essential defense expenditures, and other more critical transportation priorities. Those of us involved in the Administration's budget process have had to face the same difficult choices that this Subcommittee and the Authorizations Committees are now confronting. We could not in good conscience recommend continued funding for Amtrak at the expense of the Air Traffic Control System, the Railroad Safety Program, the Coast Guard Drug Interdiction Program, and similar priorities that touch the lives of a greater number of people in a more meaningful way.

No one can say with certainty what would happen to Amtrak's routes in the absence of Federal subsidies. Some, like the Auto Train, may be attractive to other carriers or private entrepreneurs. Others, like the Northeast Corridor, might draw subsidies from other sources since the cost of operating Northeast commuter operations without Amtrak nearly equals the cost of subsidizing Amtrak's New York to Washington service. In other cases, there may not be enough interest to sustain service. But even in the areas of Amtrak's heaviest patronage, such as the Northeast Corridor, alternative transportation modes have more than enough capacity to handle Amtrak's current passenger load. We have never argued that the transition would be an easy one in every case. But we believe it would be far better to face that one time transition than to sustain the annual trade-offs inherent in $500 to $600 million subsidies as far into the future as we can project.

Our opposition to continuing Federal subsidies for Amtrak does not imply, however, that we would necessarily oppose legislation designed to improve Amtrak's efficiency and reduce its annual losses. Proposals to exempt Amtrak from the coverage of the Federal Employers' Liability Act, to require those utilizing Amtrak trackage to pay an equitable share of the maintenance expenses they necessitate, and to shift the cost of 403(b) and (d) trains to the communities that have chosen to initiate service have been the subject of FRA testimony in past hearings. These and similar proposals can only help Amtrak improve its capacity to operate all or part of its system without Federal subsidies, and they merit serious consideration. While I am not endorsing or opposing any specific proposal, we would not oppose Congressional action to make Amtrak a more efficient and financially successful company so long as that legislation was separate and distinct from a reauthorization of the Federal subsidy program which this Administration opposes. The President's Privatization Commission recently made several recommendations aimed at precisely that objective, recommendations which we are now reviewing.

Amtrak has unquestionably improved its financial performance in recent years. Graham Claytor deserves considerable credit for that and FRA has worked hard to play a constructive role in supporting his efforts before the Amtrak Board. But for all its financial improvement, Amtrak is still losing more than $500 million a year, with no end in sight. The FY 1989 budget ceilings are real and the trade-offs are too severe to recommend continued Federal funding for Amtrak in FY 1989.

Mr. Chairman, this completes my prepared statement. I will answer any questions the Subcommittee may have.

SYSTEM SAFETY AUDIT RESOURCES

Senator LAUTENBERG. Thanks very much, Mr. Riley.

The point that you make is such a good one, and that is that so often budgets are analyzed in terms of where an agency or department was before, the number of people that it had, the sums that it expended without recognizing that there is a substantial increase in the scope of the job being done based on either additional responsibilities or more attention to opportunities for recovery, prosecution of violations, et cetera. So, we appreciate the fact that you would like to see those additional people in there. Your agency has important functions to perform. We would like, if we can, to help it have the kind of manning that it needs.

Mr. RILEY. I appreciate that.

Senator LAUTENBERG. It goes along with the whole notion of having a good, solid, reliable rail system that is safe.

Let me run through a few things here. What percentage of FRA's resources are spent on system safety audits?

Mr. RILEY. Well, it varies from case to case. I have never broken it out as an exact percentage but let me describe what we do. At the beginning of every year, we isolate three carriers which seem to us, based either on their accident statistics or on the subjective reports our inspectors are sending us, to merit a look that goes beyond the day-to-day compliance inspections and takes the entire context of the railroad's operating philosophy into account. We then apply as many people as we need to complete those assessments.

Now, this year, we really used a large percentage of our staff on assessments because we did Conrail where we used 80 of our 325 inspectors on the Conrail system over varying periods of time. That was the biggest system assessment we have ever done.

When we did CSX we used about 34 people. Today we are up in Guilford using about 15 percent of our force on Guilford. We also have New Jersey Transit underway today. And if you think about Guilford, that is an incredibly disproportionate share of our force on one railroad.

New Jersey Transit started about 2 weeks ago and I might add that that was scheduled for last fall. We flip-flopped it with CSX when CSX had the nine derailments on the one line. We simply felt that there was an immediate need there that had to be addressed. That will give you the flavor of what we do.

Our inspectors don't work an entire year on assessments. The Conrail assessment—the 80 people were out in the field for a period of 6 to 7 weeks. Thereafter, we used probably about 12 to 14 people to refine the field findings down to a report and then meet with Conrail officials to get the recommendations of immediacy executed. So, what you have is a large number of people over short timeframes in the field, followed by an elevated number of people, but not as large, processing the recommendations.

This year we are going to do Guilford, which is already in process. We are doing New Jersey Transit, which is in process. We are also going to do something very different this year that we have never done before. The third carrier is not going to be a carrier. What we have decided to do is to look at the regional railroads and the short lines. We are going to select several regionals and a representative sampling of short lines and examine what they are doing to get a sense of the safety trends in those areas.

SYSTEM SAFETY AUDIT PROCESS

Senator LAUTENBERG. What do your people do? When you talk about Guilford, are you talking, if the arithmetic is correct, some 40 of your inspectors are out there?

Mr. RILEY. That is about right. I think we have about 38 at Guilford today.

Senator LAUTENBERG. What do they do? Do they blanket the railroad for a period of a couple of weeks, several months? What?

Mr. RILEY. Here is the way the process works. A systemwide assessment includes an inspection of track, signal systems, equipment, operating practices, hazardous materials procedures, accident reporting, personnel training, adequacy of employment levels, and a review of pertinent records. Assessments usually take 8 to 12 weeks and are staffed with the appropriate number of inspectors depending on the size of the railroad. Upon completion of the field work, a comprehensive report describing the findings of each discipline or location assessed is formally transmitted to carrier officials with a letter highlighting areas that need correction.

Senator LAUTENBERG. Are they notified in advance?

Mr. RILEY. Yes.

Senator LAUTENBERG. How much in advance?

Mr. RILEY. FRA notifies the carrier shortly before the assessment begins and holds a meeting with railroad management personnel and representatives of affected labor organizations. FRA explains the assessment selection process and describes the goals of the assessment.

Why do we do assessments in addition to onsite inspections? The reason is this. When you do onsite inspections, you see things in a relatively piecemeal sense. When you do assessments, you can view a railroad's entire performance in context. And you can deal with issues over which we frankly have no authority. We look at things like corporate communications. We look at broader issues of training structure, accountability, where does the safety division stand in the corporate hierarchy and does it have any clout, which was the basic Conrail issue. These are things that we can study, we can recommend on, but we can't force. You can't do that in the context of day-to-day inspections. That is why we do assessments.

Now, do not read that to in any way denigrate the number of day-to-day inspections. If you look at the numbers, you will see that we have actually increased the number of day-to-day inspections while we have done these assessments. And I think they are a very important part of the process.

CONRAIL ACCIDENT REPORTING

Senator LAUTENBERG. It was discovered during the system assessment of Conrail that accidents, and the number of incidents, were substantially under-reported. A, is that true? And B, has FRA ever analyzed the under-reporting problem?

Mr. RILEY. We analyze it every time we do an assessment. What made Conrail such a disturbing situation was that we found under-reporting with frequency across the entire system. We found about 120 cases. The ones they were under-reporting were the cases at the bottom margin. We require the reporting of every injury requiring medical attention beyond first aid and any accident over $5,200. There is some validity when the railroads say this is nitpicking because that dollar amount is pretty small. You don't have to derail to do $5,200 in damage. A hard coupling will do it. But that is the number we have always used and I don't want to render our past statistics inept.

The bottom line is what Conrail was doing. When they had an accident in the $10,000 to $15,000 range, they would report it as under $5,200 and there were numerous instances of injuries not being reported. We found 120 cases of that. We look for under-reporting on every assessment that we do. That is the first time we have ever found it so systemically.

But let me tell you what the real weakness is in Conrail's structure that let this happen. There are two weaknesses in the structure. No. 1, Conrail does not grade its employees on safety to the same extent that other carriers do. Production is a much larger part of their performance evaluation than safety is. So there is every incentive not to treat safety as seriously.

Moreover, Conrail doesn't do a simple thing that other carriers do that catches under-reporting early. What they have to do is cross-check what the safety division is filing in accident reports with what the claims division and medical division files in terms of the claims that you file under your own self-insurance and what your medical division reports on treatment. The way we caught Conrail was very simple. We took their claims and their medical files and cross-checked them against what their safety unit filed and found their own records said they under-reported.

Most railroads do that kind of audit. I have to say that in Conrail's case, I think Stanley Crane was as upset about that as I was. It was a structural problem within the system. And while we have some ongoing disputes with Conrail, the bottom line is this one is fixed. And we were very concerned about this. You know, those numbers are the basis on which we make policy. We can't have bad numbers and we won't tolerate it.

Senator LAUTENBERG. We have a vote and I am concerned about the timing here. We will go a little bit further and then we may have to just adjourn for a few minutes and give me a chance to make the round trip by rail downstairs. It's not very efficient, but that's the only thing we've got.

Mr. RILEY. It's not high speed yet.

Senator LAUTENBERG. If I could fly.

Mr. RILEY. But the quality of experience on the train is better.

MEASURING RAILROAD SAFETY

Senator LAUTENBERG. No, I don't know. It is often late.

I wanted to ask you about the effectiveness of FRA's safety program. You talk about it in terms of a reduction in accident rates. Are we talking about a measured number of incidents, volume of damage, fatalities? You said that you took great pride in that and I respect it. I just want to know what it is that you use as a principal measurement there.

Mr. RILEY. The bottom line is that no matter which measure of safety recording you choose, the improvement runs between 50 and 78 percent in this decade. The one that I always use is accident rate and I'll tell you why.

The consequences of accidents are sometimes very unpredictable. However, the occurrence of accidents reflects safety performance in a very real way. Accident rate is normalized to take into account changing employment levels. changing mileage levels. It is a strictly comparable figure. That is the figure I lead with.

But, Mr. Chairman, you could go to any one of the categories that we report, other than trespasser fatalities, which we really have a problem with——

Senator LAUTENBERG. What's an accident? If a crewman stumbles and injures himself, is that an accident, or does it require a derailing?

Mr. RILEY. If it involves moving equipment, it's an accident. If it does not involve moving equipment, it's an incident. The trends in accidents and incidents are the same. We report the statistics side by side. I often use the term "accidents" because the public relates to that. But when I use "accidents," I'm referring to accidents and incidents.

In fact, let me offer to the committee—I would be very happy to do a broad-based compendium of all these numbers and send them up to the committee because I think they do speak well for themselves.

Senator LAUTENBERG. We would like to have whatever information you have that verifies——

[CLERK'S NOTE: The Accident/Incident Bulletin No. 155, Calendar year 1986 does not appear in the record but is retained in the subcommittee files and is available for review.]

Mr. RILEY. I want to emphasize that I am pleased with the reduction, but I am hardly satisfied with the numbers. I think when you begin to get satisfied that is when you have a problem. And we are not going to be satisfied until that number gets down to zero.

Senator LAUTENBERG. I'll tell you what we will do. We will take about a 6-minute break, which is the time that I have got allotted to get there.

Mr. RILEY. That's fine.

[A brief recess was taken.]

SAFETY STATISTICS RELIABILITY

Senator LAUTENBERG. We will reconvene the subcommittee and try to move very quickly. I appreciate your indulgence.

John, much of the data on accidents/incidents are provided by the railroads themselves. What does this do in your view to the reliability of this information?

Mr. RILEY. I think it is very reliable. Let me tell you why. I looked at that precise issue when I first came here as I had the same question about the system. To begin with, recognize that we investigate ourselves the largest 350 accidents that are reported every year. So all the big ones come directly at——

Senator LAUTENBERG. How do you know they're going to—OK.

Mr. RILEY. You understand what we do. When we get an accident report in we say, well——

Senator LAUTENBERG. What would happen if you had 350 in the first quarter of the year? Would you wait until the end of the year to see which ones to handle?

Mr. RILEY. No, no. What we do is we have a rule of thumb that we have set up for the ones that we investigate, damage over a certain amount, any fatality, things of that nature. And it runs to roughly 350. I've seen it go as low as 300. I've seen it go as high as 400. Beyond that, we spot check audit at random on about 400 other reports a year to check their accuracy.

There are two other things that happen that are important. One of them is that any time we get a complaint from the field from anybody about the accuracy of a report, we will go out and investigate it. Beyond that, the companies are subject to our own audit when we go out and do assessments as we did with Conrail. So, you've got four separate checks on the system.

But I'll give you an easier bottom line. In the 350 accidents plus the 400 spot checks that we did ourselves, we found that the break between human performance and equipment is about 37/63. When we ran the numbers on all reported accidents, it was within a half a percent of that which leads me to believe that the break is being made fairly. And I have said to everybody that if there is any report out there that people question, get us the data. We'll go look at it. I feel strongly about that.

Oh, I might add, by the way, that the three railroads that win the Harriman Award win a booby prize too because when the railroads are first, second or third in the safety awards, we audit them top to bottom on all their reports. That is one of the things that frankly made us suspicious of Conrail, in truth, because we found things during the Harriman audit that concerned us about their accident reporting.

SAFETY PENALTY LEVELS

Senator LAUTENBERG. In the past year, you have made quite a fuss about increasing the maximum penalty level on violations. In reality, though, I think it is fair to say that FRA operates in the world of minimums, have you considered recommending an increase in the minimum penalty levels for violations?

Mr. RILEY. I haven't and let me tell the committee why. There are several reasons. To begin with, for the first time this year our penalty schedule is going to apply not just to institutions, but to individuals. We are going to have to feel our way on the fairest and most appropriate way to use it with people. I think it would be a serious mistake to go into that process with a higher legislated minimum. But beyond that, I think it is fair to say, Mr. Chairman, that we rarely deal in minimums. The minimum is $250. In reality, you are not going to devote staff time, lawyer time to prosecute a $250 claim. We just don't get anywhere near that minimum number. It just isn't a part of our daily world.

I have always been concerned that if you did the reverse of what we do now and drive a high minimum number, you might create a disincentive for the inspector to write a citation. Let me explain what I mean. At the bottom margin you're always going to have judgment cases in any system where the inspector might write a citation or might not. The inspector might consider it serious enough to or might not. I have always been afraid that if there is a very high minimum, you have created an incentive for that inspector not to write the citation. The inspector might feel it is very small, it's unfair. I'd rather see him write it than to create incentives not to. There are a lot of reasons. The bottom line is I think that my successor who will use this new authority ought to have the maximum discretion to feel out how to best use it.

MINIMUM SAFETY PENALTY

Senator LAUTENBERG. If the minimum can be as low as $250, I'd ask you when was that developed? Do you have any idea?

Mr. RILEY. I really don't have any idea.

Senator LAUTENBERG. Some time ago.

Mr. RILEY. A long time. This is an unusual statute though because I don't know of another safety statute with a minimum in it. What you want to do is to take the spread of your fine capacity and you want to create deviations based on the seriousness of the offense. The more you compress that, the less able you are to do that.

I guess my final point on this would be we have gone from $2.2 million in assessments the year before I came here to almost $8 million last year. So we are definitely not dealing in minimums.

Senator LAUTENBERG. The only thing is that it is possible that finally someone paid attention to it and your increases come from additional diligence or concern. But perhaps that $8 million ought to be $12 million, $15 million, $20 million. I don't know. I just think that a $250 minimum is an insult. Anything that is that kind of violation doesn't sound like it's anything at all. And honestly, I'd argue with you, John, on whether or not it makes it worth it to the person who writes the citation—what do you call him? Inspectors write the citations. I mean, it shouldn't matter to him when he is writing—if it's a violation, it's a violation. And it is not the usual kind of argument that John Riley makes so persuasively.

Mr. RILEY. That is my point, though. Let me make sure it is understood what I am saying here. We don't write things in the $250 area. We just don't. Our median is about 80 to 85 percent of the maximum when we write. We almost always write the maximum like anybody else who sues in a lawsuit asks for $800 million the first time out. And our final figure is in the 60 something percentile. The point I'm making to you is that $250 is not a very meaningful figure to us because we just don't get near it very often. It's a very unusual circumstance that anything pops up in the $250 range.

Senator LAUTENBERG. Do you know when the last time a minimum level penalty was assessed?

Mr. RILEY. I'm not about to tell you that it never has been assessed in the 7,000 violations we wrote in the last couple of years.

RELATIONSHIP OF SAFETY VIOLATIONS TO PENALTIES

Senator LAUTENBERG. I think it would be a worthwhile program to review.

What percentage of the violations get enforced that result in fines or penalties?

Mr. RILEY. We prosecute 99½ percent of all of violations that are referred to us from the field for prosecution. Now, there are times when the railroads do, in fact, have a defense, but with the exception of those cases, we collect something on every one.

Senator LAUTENBERG. The percentage of collectibles?

Mr. RILEY. I can get you a number on that, but I will give you a sense of what we did. In 1984 we levied $4.7 million, collected $3.7 million in that year. In 1985 it was $7.3 million and $6.1 million collected with some carrying over. Now, you are going to see the problem with manpower come up in 1986 and 1987. In 1986 we levied $5.7 million, collected $3.1 million because much of that carried over to 1987. In 1987 we levied $7.7 million, and we have only collected to date $3.3 million because we have one-half of our 1987 still outstanding. We will get close to the assessed number. But you see, this is where the manpower is killing us, and I think the fines lose their deterrence when it takes a year to collect them. I really do.

Senator LAUTENBERG. That sounds like an interesting area for some privatization. Get out there and let those——

Mr. RILEY. If we're going to hire private lawyers, we're going to need a big budget increase I think. My lawyers would like to be paid by the hour.

Senator LAUTENBERG. Yes; I think that is probably right because what I've seen in public service is exceptionally devoted people. I know people who take enormous sacrifices in amenities and salary and everything else to work for the government.

Mr. RILEY. I agree with that.

Senator LAUTENBERG. I'm not sure I always understand why because you get abused by committee chairmen and the whole darned thing. [Laughter.]

Mr. RILEY. I get very angry when people criticize civil service people because——

Senator LAUTENBERG. Including staff. [Laughter.]

Mr. RILEY. Including staff, all right.

NEW JERSEY TRANSIT SAFETY SYSTEM ASSESSMENT

Senator LAUTENBERG. Anyway, in terms of New Jersey Transit, what is the status of the system assessment being conducted?

Mr. RILEY. We went up and started on March 16. We will have our full forces out there through the month of April. I think it will take us probably about 9 weeks in the field.

Senator LAUTENBERG. How many people?

Mr. RILEY. I don't know yet how many people. I can get an estimate. I don't think we have a hard number yet but I can get you an estimate. Joe, what do you think?

Mr. WALSH. Between 35 and 40 people will be on the scene starting April 5.

Senator LAUTENBERG. And about 9 or 10 weeks there?

Mr. RILEY. More or less, yes.

Senator LAUTENBERG. This is essentially an audit of a commuter rail system. Correct?

Mr. RILEY. Correct.

Senator LAUTENBERG. Is that good use of FRA's resources?

Mr. RILEY. Yes; I'll tell you why I think it is. In 1983, we were given the authority over commuter systems for the first time and so we faced a nation of them that had never been assessed. We decided to take them in declining order of size to do them one at a time so we knew what was out there. We found a lot of problems when we did SEPTA. I don't expect to find that many problems on New Jersey Transit, but that's why we're doing it.

Senator LAUTENBERG. We hope not. It's a very well operated agency.

Mr. RILEY. I have high regard for Allen Dustin, very high regard.

Senator LAUTENBERG. Allen Dustin is the——

Mr. RILEY. The head of Jersey Transit.

Senator LAUTENBERG. Well, Jerry Premo——

Mr. RILEY. Well, operating. It's called vice president and general manager. The guy that runs the trains.

Senator LAUTENBERG. I just want to be sure we give everybody sufficient credit after that—I don't want to use the word Senator D'Amato used. I was going to say eulogy, but that's not nice. I want to tell you. He could go off with that one and have it printed. We'll put it in the Congressional Record, stamp it in marble and have it on the front of every train. [Laughter.]

SUBMITTED QUESTIONS

Senator LAUTENBERG. We will keep the record open for questions from Senators Byrd, Harkin, and Mitchell who have requested that from us.

We thank you very much again, each of you, for your capable testimony.

Mr. RILEY. Thank you, Mr. Chairman.

Mr. CLAYTOR. Thank you, indeed, Mr. Chairman.

[The following questions were not asked at the hearing but were submitted for response for the record:]

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

SYSTEMS AUDITS--RATES

SENATOR LAUTENBERG: How many carriers were audited in Fiscal Years 1986 and 1987?

ANSWER: During Fiscal Years 1986 and 1987, systemwide assessments were started on four railroads. Assessments were completed and final reports issued on SEPTA, Missouri, Kansas and Texas, Metro-North, and Norfolk and Western railroads. The Conrail system assessment was initiated in FY 1987 but the final report was not issued until January 1988.

SENATOR LAUTENBERG: Why did it take a special system audit to discover this problem?

ANSWER: FRA actually uncovered the under-reporting problem prior to the Conrail system safety assessment. FRA conducted a sampling of several class 1 carrier accident/incident reports and found that Conrail required further investigation. This more detailed audit was done during the system assessment.

SENATOR LAUTENBERG: How many system audits can be conducted in a year?

ANSWER: FRA can complete three assessments each year.

SENATOR LAUTENBERG: How long would it take and how many resources will it take to audit the accident/incident reporting for all Class I railroads? For Class II railroads? For Class III railroads?

ANSWER: FRA reporting is done on accidents and incidents. An accident involves moving equipment whereas an incident does not involve moving equipment. There are three stages in such an audit. The first is a detailed inspection of many railroad records. The second is to investigate the circumstances of each accident/incident in which the records do not substantiate the status of how the accident/incident was reported. The third stage is the enforcement action which is the preparation of the violation reports and the handling with the railroad officials to make them aware of the nature and extent of the violations.

The time and resources expended will vary greatly between railroads. The variations depend upon the size of the railroads, the type of record systems, the number of record centers on the railroad, the locations of medical records of injured employees, the number of records which are secluded because of ongoing legal actions and the locations of officials and employees on the railroad system who must be individually interviewed.

The following range of estimates are based upon a three-stage audit covering a one-year time span in which the equivalent of four months of records are randomly audited.

	Inspector 5-day Work Week	Resources in Dollars
Class I Railroads (18)	1300 to 2600	2,200,000 to 4,400,000
Class 2 Railroads (21)	1000 to 2000	1,600,000 to 3,200,000
Class 3 Railroads (400)	1000 to 2000	1,600,000 to 3,200,000

SENATOR LAUTENBERG: Is under-reporting of the costs associated with incidents and accidents a problem?

ANSWER: Under-reporting is not a chronic problem. In most instances where we identify under-reporting, these instances occur because the initial estimate of damage has not been finalized before the carrier is required to report. The report is required to be filed 30 days after the end of the month in which the accident/incident occurred.

Currently, FRA investigates approximately 300 serious train accidents each year. FRA continually performs spot-checks of other accident reports. Additionally, FRA investigates any accident where we receive a complaint. A railroad's safety performance is reviewed during the Harriman award process. Finally, system assessments are conducted as a result of FRA's review of accident statistics.

SENATOR LAUTENBERG: In view of the importance of these safety indices, what form of additional oversight might FRA conduct to ensure the public that these statistics are accurate?

ANSWER: FRA believes the accident and injury statistics are accurate and truly reflect the safety picture in the railroad industry. The Conrail situation was a unique case. The same type of audit has been performed on three carriers each year for many years, and only in Conrail's case was evidence of under-reporting found. The majority of under-reporting on Conrail was in the area of employee injuries. This under-reporting had very little effect in the overall industry statistics. In addition to regular record checks conducted by our operating practices inspectors and the three or four system assessments conducted every year, FRA has initiated a program to conduct special accident/incident record audits to assure proper reporting. These audits are done on the three or four carriers with the best safety records. It was through this program that Conrail's under-reporting first came to light.

SENATOR LAUTENBERG: Under deregulation, Class I Railroads have sold off less profitable branch lines. Many of these new short line rail companies are relatively low capitalized and have inherited deteriorated lines and equipment. How does FRA plan to ensure that these new short lines are safe?

ANSWER: When new short line railroad companies begin business, FRA regional directors and/or the FRA specialists meet with the appropriate short line officials to advise them about Federal requirements.

Subsequently, regular inspections are conducted on the railroad to ensure that compliance has been achieved.

SENATOR LAUTENBERG: Does your staffing model or the risk assessment and control computer program take this trend into account? How?

ANSWER: FRA's staffing model and risk assessment procedures do not directly take into account the number of short line railroads, their relative level of capitalization or the extent to which they have inherited deteriorated lines and equipment. If, however, short line railroads are operating deteriorated lines and equipment beyond their safe limits, this situation will be reflected in the number of violations filed and accidents reported, both of which are considered in FRA's risk assessments and staffing decisions. It's also important to remember that these lines didn't become deteriorated upon transfer to the short line. They were equally deteriorated when operated by the Class I and often receive their first real investment in years from the new operator. Staffing decisions based on their presence in the Class I system should not change upon transfer to a short line operator.

It is important to remember that while FRA will not allow the operation of unsafe equipment or track under any circumstances, operating restrictions can offset some physical shortcomings in track and equipment. Thus, a short line operating at 10 miles per hour maximum due to track conditions may pose no more risk to safety than a main line operated at much higher speeds.

SENATOR LAUTENBERG: Small companies are usually covered by routine inspection. Does FRA plan any system audits of the Class II or Class III railroads. If so, which ones?

ANSWER: This year we are doing Guilford and New Jersey Transit, both of which are already in process. We will also audit one or more regionals and a representative sampling of short lines to get a sense of the safety trends in those areas.

SENATOR LAUTENBERG: Do you believe that system audits should be performed on the newly created short line regional entities. If so, under what circumstances? If not, why not?

ANSWER: System audits should be performed on regional entities such as the ones we are doing on Guilford and New Jersey Transit. We intend to expand this year to include several regionals and a representative sampling of short lines. The circumstances which would prompt an audit are based on the carrier's accident statistics or on the subjective reports our inspectors are sending us.

SENATOR LAUTENBERG: Has FRA ever evaluated the relative effectiveness of routine inspections versus system assessment audits for both high and low risk situations?

ANSWER: The two approaches are not alternatives--they are complementary elements of a single program, each with slightly different objectives. Comparing them would be an "apples and oranges" comparison. The routine inspection program is one of random inspections on a daily basis for the enforcement of Federal regulations and to spot check for items of noncompliance. System assessments are an intense analysis over a comparatively short time of the safety performance of that railroad. An assessment employs a concentrated number of inspectors dedicated solely to the thorough inspection of that railroad not only for compliance with Federal regulations, but also to determine the cause for noncompliance. It allows a systematic appraisal of all aspects of the operations of the railroad and facilitates dealing with structural issues such as corporate communications and accountability. These are not easily addressed through the routine daily inspections. The Government Accounting Office has supported system assessments on the basis that the FRA could determine the overall adequacy of railroads' safety programs and bring deficiencies to the attention of top management.

SENATOR LAUTENBERG: If not, do you think this should be done by FRA or an outside body?

ANSWER: The FRA is the appropriate body to conduct inspections and assessments. The function of the FRA is to ensure compliance with Federal regulations by the railroads. An outside body would be assuming the same functions for which the FRA is responsible. That would be redundant, and the conflicting authorities would breed confusion and conflict that would undermine safety enforcement.

ACCIDENT INVESTIGATION

SENATOR LAUTENBERG: What FRA resources are devoted to accident investigation?

ANSWER: As part of our inspector training program, each inspector is required to take a course in accident investigation techniques. This is a 40 hour course and is held at the Transportation Safety Institute (TSI).

In general, accident investigations share the same resources as our inspection and enforcement program. The same individuals perform routine inspections, special assessments, and accident investigations when needed. The number of accident investigations and the time spent on them, including report writing, are included as direct input into our staffing and inspector resource allocation decisions.

SENATOR LAUTENBERG: What percentage of investigated accidents lead to enforcement actions? (Briefly describe the accidents and enforcement actions taken, for the past two fiscal years.)

ANSWER: FRA does not maintain statistics that correlate accidents and enforcement actions.

SENATOR LAUTENBERG: When was the last time the FRA reviewed the completeness and accuracy of the data submitted by railroads on accidents/incidents?

ANSWER: Reviewing the completeness and accuracy of the accident/incident data is an ongoing process that involves routine and indepth review and analysis throughout the reporting experience. This comprehensive effort provides not only emphasis on data completeness and accuracy at the outset of the receipt of a report, but also during the update process.

SENATOR LAUTENBERG: How accurate are the cause determinations entered by the railroads? What do you base this answer on?

ANSWER: We believe the determinations of cause by the railroads are highly accurate.

FRA investigates approximately 300 serious train accidents each year. Even with the resources available to us, it often takes several months to conclude our investigation and issue a final report. Many times a probable cause can be identified only following a detailed examination of all information, events and activities connected with the accident.

For the less serious accidents, it is not economically feasible or practical to do an indepth investigation when no casualties resulted and the expense of the investigation would likely exceed the cost of the accident.

In addition to the conduct of the indepth accident investigations, FRA also conducts routine reviews of a railroad's reporting procedures. Overall, the carrier's and FRA's classification as to the respective percentages of accidents due to human factors, equipment and track are closely correlated. In the handful of cases where disputes do arise, it usually reflects the fact that accident investigation is a difficult science, and there are always a few cases at the margin where reasonable men can differ over the interpretation of events. We do investigate any case where labor and management differ over causation, and find no support whatsoever for labor's accusations on the accuracy of railroad causation reports. We have generally found that labor is unable to present data supporting their own allegations.

SENATOR LAUTENBERG: Has FRA ever audited the reporting system to ensure cause determination accuracy? If so, when? What were the results of that audit? If not, why not?

ANSWER: The FRA does spot-check accident reports to ensure accuracy. This is an ongoing process. FRA has also initiated a program to conduct special accident/incident record audits to assure proper reporting. These audits are done on the three or four carriers with the best records or those with the most improvement. We have found that the railroad reports are highly accurate.

SENATOR LAUTENBERG: Are affected employees given the opportunity to state on the accident report what he or she considered to be the cause of the accident? If not, why not?

ANSWER: FRA investigators question all involved, including the operating crews, when investigating an accident. Statements taken from the employee become part of the file. In cases which are not investigated by FRA, any employee has a right to submit a statement on cause to the agency. This is normally done by presenting the statement to the local FRA officials, who incorporate it in the file. Where employee reports differ with company findings, we generally perform an independent investigation of the accident. However, such differences rarely occur in practice.

SENATOR LAUTENBERG: Wouldn't having employee input make the data more valid?

ANSWER: See response to previous question.

PENALTY LEVELS -- ENFORCEMENT

SENATOR LAUTENBERG: When was the last time minimum penalty levels were established?

ANSWER: The minimum penalty level, like the maximum, in the Federal Railroad Safety Act of 1970 has not been amended. Minimum levels in the other statutes FRA enforces were established in 1976 (except for the Hours of Service Act, which has no minimum). More important are the penalty schedule amounts set in our regulations. Those are amended from time to time as our regulations are amended (see attached table).

We proposed an increase in the maximum to catch up with the substantial inflation that has occurred since 1970. We saw no need to seek a change in the minimum since such a change could serve only to circumscribe our discretion. Equally important, we sought no change in the minimum since we were also seeking the authority to impose civil penalties against individuals. This is a new area where we need to feel our way, and imposing a high minimum could be harmful to both the agency and the individual employee.

We also sought an increase in the maximum to achieve a penalty level in the rail safety program that is consistent, whether the violations arise under the Safety Act or the Hazardous Materials Transportation Act, which already has a maximum of $10,000. That Act has no minimum at all.

STATUTORY TABLE

Statutory Authority	Regulation(s) Implementing Statute	Last Amended (Reg.)	Last Amended (Penalty)	Amount Of Penalty
Federal Railroad Safety Act of 1970 45 U.S.C. §§ 421, 431-441	49 CFR Part 215	1985	1979	$500-2500
	49 CFR Part 221	1986	1986	$500-2500
	49 CFR Part 217	1985	1985	$500-2500
	49 CFR Part 218	1986	1984	$500-2500
	49 CFR Part 219	1987	1985	$250-2500
	49 CFR Part 220	1980	1980	$500-2500
	49 CFR Part 223	1983	1980	$250-2500
	49 CFR Part 213	1984	1983	$500-2500
	49 CFR Part 216	1976	1976	$2500
	49 CFR Part 225	1986	1977	$500-2500
	49 CFR Part 233	1984	1984	$2500
	49 CFR Part 235	1984	1984	$2500
	49 CFR Part 236	1984	1984	$1000-2500
Hours of Service Act 45 U.S.C. §§ 61-64b	Self-implementing provisions	N/A	1969	$500
	49 CFR Part 228 (Subpart C)	1978	1980	$100-500
Accident Reports Act 45 U.S.C. §§ 38-43	49 CFR Part 225	1986	1977	$500-2500
Signal Inspection Act 49 U.S.C. § 26	49 CFR Part 233	1984	1984	$2500
	49 CFR Part 235	1984	1984	$2500
	49 CFR Part 236	1984	1984	$1000-2500

Statutory Authority	Regulation(s) Implementing Statute	Last Amended (Reg.)	Last Amended (Penalty)	Amount Of Penalty
Locomotive Inspection Act 45 U.S.C. SS 22-34	49 CFR Part 229	1985	1980	$250-2500
	49 CFR Part 230	1980	1980	$250-2500
	49 CFR Part 216	1976	1976	$2500
Safety Appliance Acts 45 U.S.C. SS 1-16	49 CFR Part 231	1984	1978	$1000-2500
	49 CFR Part 232	1986	1978	$1000-2500
	49 CFR Part 209 (Appendix A)	1978	1978	$1000-2500
Hazardous Materials Transportation Act 49 U.S.C. SS 1801-1811	49 CFR Parts 171-74, 178-79	1987	1975	$0-10,000 (statutory)
Sections 12 and 20 of the Interstate Commerce Act as recodified at 49 App. U.S.C. SS 501(b)(2), 502(b)(3), 504(b)(1)(A), (c)(2)(A), (d)	49 CFR Part 228 (Subpart B)	1978	1978	$100-500
Noise Control Act of 1972 42 U.S.C. S 4901	49 CFR Part 210	1984	1983	$10,000 (statutory)

SENATOR LAUTENBERG: FRA usually only prosecutes what it considers "serious violations." How is the seriousness of violations determined?

ANSWER: By experience and training, FRA's safety inspectors are well qualified to determine whether a violation is serious enough to warrant a recommendation for the imposition of a civil penalty. In general, those cases involve conditions that pose a threat to safety; that have caused or contributed to an accident, injury, or fatality; or that -- while not necessarily serious when viewed in isolation -- represent a pattern of poor safety practice. In making these judgments, FRA inspectors are provided considerable guidance in the FRA General Manual, in specific discipline (e.g., track and motive power and equipment) manuals, and in technical bulletins issued by the FRA Office of Safety. Only the inspector has the crucial facts available in making the decision whether to recommend that a penalty be imposed.

SENATOR LAUTENBERG: What percent of collectibles are collected?

ANSWER: All collectibles, i.e., liquidated claims, included in our computer-based violation tracking system, which has now been in operation for about five years, have been collected.

SENATOR LAUTENBERG: What amount is collected versus assessed? Provide for the record the amounts assessed versus collected for all Class I railroads for the past three years.

ANSWER: The total amounts assessed and collected under all the rail safety laws during the past three fiscal years are as follows:

	1985	1986	1987
Total penalties assessed	$7,360,350	$5,731,150	$7,726,500
Total penalties collected	$6,142,550	$3,151,140	$3,375,115

Note, however, that there is no correlation between the amounts assessed in a given year and the amounts collected in that year. Most collections in a given calendar year represent fines assessed in previous calendar years. Enforcement is a rolling process. The assessment of civil penalties on the one hand and their negotiation, settlement, and collection on the other are separate activities in that process. At any one time, thousands of claims are at one stage or another, and generally, the cases closed in a given year are not the same cases for which penalties were assessed during that year. That is, penalties collected in 1987, for example, would generally be for assessments made during 1985 and 1986. The data you request for Class I railroads follows.

CIVIL PENALTIES ASSESSED AND COLLECTED
CLASS I RAILROADS
FY 1985

RAILROAD	ASSESSED	RAILROAD	COLLECTED
AGS	$4,250	AGS	$3,700
ATK	$28,750	ATK	$121,820
ATSF	$146,750	ATSF	$94,400
BM	$96,000	BM	$4,000
BN	$607,950	BN	$271,800
BO	$338,500	BO	$202,975
BOCT	$10,500	BOCT	$18,300
CGA	$72,000	CGA	$44,850
CNTP	$4,500	CNTP	$7,000
CNW	$170,850	CNW	$5,500
CO	$265,500	CO	$451,865
CR	$1,533,350	CR	$2,707,340
DH	$63,000	DH	$43,925
DRGW	$43,750	DRGW	$5,750
EJE	$2,000	EJE	$1,800
FEC	$4,500	FEC	$3,175
GTW	$78,000	GTW	$2,600
ICG	$247,750	KCS	$28,930
KCS	$42,000	LA	$43,865
LA	$26,000	MP	$45,150
MKT	$34,000	NW	$472,150
MP	$287,600	SBD	$80,800
NW	$202,000	SOO	$15,150
SBD	$839,100	SOU	$67,450
SOO	$9,750	SP	$2,300
SOU	$119,750	UP	$161,810
SP	$774,000		
UP	$313,500		

FY 1986

RAILROAD	ASSESSED	RAILROAD	COLLECTED
AGS	$13,500	AGS	$450
ATK	$7,250	ATK	$77,850
ATSF	$83,500	ATSF	$70,950
BM	$39,500	BN	$345,770
BN	$409,750	CGA	$41,500
BO	$534,500	CNTP	$1,650
BOCT	$10,500	CNW	$53,300
CGA	$6,900	CR	$890,640
CNTP	$6,000	DH	$30,000
CNW	$54,000	DRGW	$1,500
CO	$307,000	EJE	$750
CR	$720,300	GTW	$101,240
DH	$20,500	ICG	$111,650

RAILROAD	ASSESSED	RAILROAD	COLLECTED
DRGW	$15,000	KCS	$3,250
EJE	$3,000	LA	$800
GTW	$97,000	MKT	$26,350
ICG	$52,750	MP	$141,750
KCS	$27,750	NW	$120,050
LA	$9,250	SBD	$368,025
MKT	$16,500	SOO	$5,650
MP	$159,750	SOU	$43,150
NW	$176,500	SP	$389,450
SBD	$899,250		
SOO	$43,500		
SOU	$77,500		
SP	$622,900		
UP	$226,750		

FY 1987

RAILROAD	ASSESSED	RAILROAD	COLLECTED
AGS	$17,500	ATSF	$48,050
ATK	$93,000	BN	$373,150
ATSF	$254,650	BO	$423,855
BM	$182,400	BOCT	$11,750
BN	$1,001,100	CNW	$75,400
BO	$578,500	CO	$322,885
BOCT	$29,500	CR	$740,450
CGA	$48,500	DRGW	$2,000
CNTP	$30,000	EJE	$5,200
CNW	$175,500	ICG	$108,200
CO	$705,000	KCS	$33,225
CR	$178,250	LA	$13,400
CSX	$365,350	MKT	$16,300
DH	$160,150	SBD	$673,300
DRGW	$13,750	SOO	$30,700
EJE	$7,500	UP	$226,550
GTW	$125,000		
ICG	$325,200		
KCS	$27,500		
LA	$23,900		
MKT	$35,750		
MP	$75,450		
NW	$607,450		
SBD	$78,000		
SOO	$39,500		
SOU	$154,500		
SP	$926,500		
UP	$300,500		

SENATOR LAUTENBERG: Since higher maximum fines are being considered in the Rail Safety Act, will this affect your position of assessing the fine -- maximum and minimum?

ANSWER: If a higher maximum penalty is enacted, FRA anticipates a round of rulemakings to revise the penalty schedules in which it specifies the particular civil penalty that will be assessed for a given type of violation.

SENATOR LAUTENBERG: Don't you think FRA should give expedited treatment to the most serious violations? If not, why not?

ANSWER: FRA agrees. We have had a top priority violation system in place for that purpose since 1982.

NEGOTIATED SETTLEMENTS

SENATOR LAUTENBERG: Are the negotiating sessions between FRA and the railroads on the fines and penalties open to the public? If not, why not?

ANSWER: For reasons discussed in response to the following question, FRA does not think that would be appropriate.

SENATOR LAUTENBERG: Does FRA believe that penalty negotiations in the "sunshine" would aid the negotiations? If not, why not?

ANSWER: No. Negotiations between FRA and a railroad over civil penalties are even less amenable to the presence of people other than parties than are negotiations to settle most lawsuits. I am unaware of private parties ever conducting negotiations to settle a lawsuit with anyone present other than the parties and their counsel. There are sound reasons for this, among them: (i) private discussions encourage open and honest communications that are more likely to promote a satisfactory and speedy settlement rather than protracted litigation; (ii) discussions necessary to reach a settlement might, if known by other parties, be used in other litigation against one of the parties; and (iii) confidential business and financial information may be involved.

For just such reasons, the Federal Government also conducts settlement negotiations in which it is involved privately. I know of no Federal case that has been settled through negotiations in the "sunshine." Moreover, neither FRA nor other Federal agencies generally have the authority to force an adverse party to engage in settlement negotiations or to admit non-party attendees to them.

FRA has an additional set of powerful reasons for conducting settlement negotiations of safety civil penalty claims privately. FRA is not out simply to collect fines through the civil penalty process. FRA uses the settlement process as an important tool to enhance rail safety. In settlement negotiations, FRA attorneys call railroad management's attention to safety priorities on the railroad in a different manner and at a different level of management than does the FRA inspector in the field. In settlement negotiations, FRA attorneys are confronting headquarters management directly with violations of Federal safety standards. FRA attorneys are able in these discussions to emphasize the violations deemed most serious by FRA and thereby induce the railroad to focus its safety expenditures and efforts accordingly. Anything that might serve to inhibit open communications between FRA and a railroad -- such as a railroad's fear that some of its statements in a settlement negotiation might be construed as admissions against interest in unrelated tort litigation -- would not serve the cause of rail safety.

SENATOR LAUTENBERG: In negotiating fines and penalties, are there particular offenses for which FRA is stricter, i.e., less likely to settle at a lower than assessed rate? If so, what are they?

ANSWER: To a large measure, this question can only be answered on a case-by-case basis. That is, any violation can warrant a high settlement amount if, for example, it resulted in an accident, injury, or fatality, if it entailed willful violation of the law, or if it represented a pattern of unacceptable safety practices.

SENATOR LAUTENBERG: Historically, the FRA settles at 50 percent of the assessed fine level. Why?

ANSWER: That is inaccurate. FRA approaches each enforcement case individually and reaches settlement results that vary from the statutory minimum to 100 percent, depending on, inter alia, the nature of the violation, its severity, defenses the railroad may have, mitigating factors the railroad may point out, and the quality of the evidence. Also, from time to time it is necessary to terminate claims due to regulatory changes occurring between assessment and negotiation. Those case-by-case variations are evident in FRA's annual summary of enforcement cases closed. As when dealing with any large body of data of a certain type, a fairly consistent average will emerge (as shown in our response to the next question).

Before passage of the Federal Claims Collection Act in 1966, the government was forced to litigate every single rail safety violation to collect any civil penalties. In the Federal Railroad Safety Act of 1970, Congress recognized that that process was an inefficient way to promote safety; accordingly, Congress authorized FRA to compromise civil penalty assessments under that statute, as the agency had begun to do under the Claims Collection Act. FRA has used that authority creatively so as to most effectively promote safety.

Of course, the FRA's compromise authority under the 1970 Safety Act was designed to permit the agency to avoid litigation, which had impeded prior enforcement of the safety laws. FRA uses the civil penalty negotiation process to promote safety. FRA insists on thorough case-by-case negotiation to ensure that the safety lessons to be learned from the civil penalty process are not lost by focusing merely on the dollars to be collected. Thus, the merits of each case are considered, and the settlement reached reflects a weighing of any defenses or arguments in mitigation. To ensure that the process is educational and provides a forum for communication about current compliance problems, settlement conferences are held with the larger carriers, which include technical staffs and management. This experience benefits both parties and promotes future compliance.

The other option, of course, is litigation. As in the private sector, litigation is the result of a failure to reach a reasonable compromise; it is, of course, always a more costly route for all parties. The first objective of the Department's enforcement programs is to promote safety, and to do that it must make effective use of its resources. Litigation is not often the most effective use. But where necessary, i.e., where a compromise that serves the public interest in safety cannot be reached, FRA will go to court.

SENATOR LAUTENBERG: What has been the assessed versus actual final settlement level for the past five years? (In both dollar and percentage terms.)

ANSWER: The following table presents a summary of FRA's civil penalty activity during the past five years (our computer does not have the assessment figure for cases closed in FY 83):

FRA Civil Penalties FY 83-87

Cases Closed

	Assessed	Collected	Percentage
1983	na	2,408,440	
1984	6,757,340	3,719,765	55
1985	10,895,350	6,142,550	56
1986	5,531,800	3,151,140	57
1987	6,172,750	3,375,115	55

SENATOR LAUTENBERG: FRA batch processes the penalties assessed railroads and negotiates penalties on a number of violations at one time. Do you believe this batch processing is the best way to proceed? If so, why?

ANSWER: With larger railroads, our general practice is to aggregate claims for negotiation at periodic settlement conferences. But that is a procedural practice only. The cases are negotiated individually, not in combination. This process has several advantages. First, aggregation permits time economies of scale without which the process would stretch on interminably. More important from the perspective of safety, this method permits FRA to achieve a broader view of a railroad's compliance with our safety requirements than can be realized by focusing solely on a limited number of individual violations. These negotiations, which are usually face to face, could not be efficiently planned and conducted without periodic aggregation. Despite this aggregation, we insist on thorough case-by-case negotiation to ensure that the safety lessons to be learned from the civil penalty process are not lost in the process of negotiating over dollars. Thus, the merits of each case are considered, and the settlement reached reflects a weighing of any defenses or arguments in mitigation. The overall percentage reached with a given carrier, therefore, is merely the sum of hundreds of individual decisions regarding the settlement worth of individual cases. The process provides a forum for communication about current compliance problems, to which the railroads and FRA bring their respective technical staffs. This experience benefits both parties and promotes future compliance.

SENATOR LAUTENBERG: Has the FRA ever considered separating the most serious violations (category or fine-wise) and processing them right away? If not, why not?

ANSWER: FRA instituted such a top priority violation processing system in 1982.

SENATOR LAUTENBERG: Don't you believe that this would be a good way to bring immediate attention to an unsafe situation and emphasize your concern rather than settling sometimes up to a year after a violation occurs?

ANSWER: FRA agrees and adapted its system to achieve the purpose you mention.

SENATOR LAUTENBERG: How does lumping together serious violations of different sorts enhance the safety enforcement responsibility of the FRA?

ANSWER: The benefits of aggregating enforcement cases against the large railroads are explained in a previous answer. Top priority violations are pulled for immediate and separate action.

NEW JERSEY TRANSIT

SENATOR LAUTENBERG: Has FRA and the Urban Mass Transportation Administration (UMTA) had negotiations on the responsibility for safety audits of commuter rail agencies?

ANSWER: Congress made clear in enacting 1982 amendments to the Safety Act of 1970 that FRA has safety jurisdiction over the commuter railroads. FRA has consistently exercised that jurisdiction when appropriate. Upon request of the commuter authority involved and UMTA, FRA has inspected rapid transit systems.

SENATOR LAUTENBERG: UMTA, under Section 22 of its enabling legislation, can withhold grants if a transit authority is conducting operations in an unsafe manner. Has UMTA ever consulted with or requested FRA assistance under this authority?

ANSWER: No, UMTA has no consulted with or requested FRA assistance under this authority.

PRESIDENT'S PRIVATIZATION COMMISSION (AMTRAK)

SENATOR LAUTENBERG: What are the Commission's recommendations for Amtrak?

ANSWER: The President's Commission on Privatization made five specific recommendations for Amtrak as follows: (1) The Federal Government should adopt a multi-year plan to move Amtrak or major portions of its operations to the private sector. Such a plan should include incrementally reduced subsidies, a full review of legislative restrictions and a deadline at which the Department of Transportation must ascertain whether Amtrak or portions of its activities should be continued. The plan should also take into consideration the interests of labor, management, taxpayers and riders; (2) Amtrak and FRA should undertake a comprehensive study of all contracting out opportunities, including food service and station operation. Amtrak should contract out operations where service can be performed at an equal or improved level and cost savings will result. Such contracting out should take into consideration the interests of employees; (3) Amtrak should charge states and other users the full costs associated with providing rail service and trackage rights; (4) To cut maintenance costs and further reduce dependence on Federal subsidies, Amtrak may need new capital acquisitions, including new equipment. Amtrak, FRA and the Treasury should find ways to fund capital needs if the purchases can be justified as a reduction of the Federal subsidy and the transfer of Amtrak to the private sector. Such purchases should not entail any new commitment of Federal funds, including government loan guarantees; and (5) Congress should repeal the statutory provision granting Amtrak exclusive rights to provide intercity passenger rail service. Private sector initiatives should be encouraged. Any legislatively established monopoly prohibitions of potential private sector investment impair competition.

SENATOR LAUTENBERG: What input did the FRA or Department have on the Commission's work and final recommendations?

ANSWER: Federal Railroad Administrator John H. Riley testified before the Commission in its hearings on asset sales on January 27, 1988. We have also provided information as requested by Commission consultants and have held discussions with them on options and strategies to improve Amtrak's operating performance, including the possibility of contracting out services now performed by Amtrak.

SENATOR LAUTENBERG: Why doesn't the Department provide or request a gradual phase-out schedule for Amtrak subsidies rather than the zero-funding request of the past three years?

ANSWER: There is no evidence that providing Amtrak with "phase down" funding over the next year or two would materially improve its chance of surviving as a stand alone entity. In other words, the value of the time purchased would not equal the cost. Unless one concludes that the additional year would have a material impact on our ability to preserve various parts of the system in the absence of government funding, hundreds of millions of dollars spent to buy that extra "year" are simply wasted dollars.

SENATOR LAUTENBERG: Were there any other rail-related activities suggested for privatization by the Commission? If so, what were they?

ANSWER: The Commission recommended that Federal lending agencies divest themselves of their loan portfolios. We have already taken action on this recommendation as it relates to FRA's portfolio of preference shares under Section 505 of the 4R Act of 1976. There were no other specifically rail-related activities recommended by the Commission.

SENATOR LAUTENBERG: If not, are there existing activities or responsibilities the FRA would suggest for privatization (like data collection or research, etc.)?

ANSWER: Since 1981, the FRA has been at the forefront of the Administration's privatization initiatives. These accomplishments include the Conrail sale, the Alaska Railroad transfer, the transfer in management of the Transportation Test Center, the sale of the Section 505 loan portfolio, and the privatization of Operation Lifesaver. FRA has no suggestion for additional privatization of existing activities or responsibilities; however, we will continue to examine our activities with this in mind, including opportunities under the Departmental A-76 program.

SENATOR LAUTENBERG: In the budget, FRA is requesting $300,000 to study Amtrak. What economies, sources of additional revenue and business opportunities do you expect to study?

ANSWER: The $300,000 requested for FY 1989 would be used to study three areas FRA believes to be of particular importance regarding Amtrak subsidy reduction and ultimately the privatization of Amtrak. The first area would involve Amtrak's marketing. With Amtrak's ridership essentially flat between 1986 and 1987, a study would be undertaken to examine Amtrak's marketing program, including the process by which it evaluates and targets markets and alternative approaches to increase revenues and broaden the customer base. A second study would examine potential cost saving opportunities through contracting out, and through increased automation at Amtrak's repair and maintenance facility shops. Amtrak has already made significant improvements through automation of its track maintenance functions and there are similar opportunities in its equipment maintenance and overhaul functions. Finally, we would undertake a study of the value of Amtrak assets. As Amtrak's major lienholder, the Federal Government must have detailed knowledge of both the market value and the potential public use value of Amtrak's assets.

SENATOR LAUTENBERG: Will this effort be contracted out? If so, why and how much? How many contracts would be let and in what areas?

ANSWER: FRA anticipates that the three studies would be contracted out, probably in three separate contracts. The marketing study would use about $200,000, the study of maintenance cost savings about $75,000, and the asset value study about $25,000.

ALCOHOL AND DRUGS

SENATOR LAUTENBERG: What is the status of the recent 9th Circuit Court of Appeals decision? Did this invalidate FRA's rules regarding mandatory adoption of post-accident and reasonable cause testing?

ANSWER: On February 11, 1988, a divided panel of the 9th Circuit (Judge Alarcon dissenting) issued a ruling declaring our regulations unconstitutional under the Fourth Amendment to the extent that they require or permit alcohol and drug testing in the absence of a prior demonstration of particularized suspicion of alcohol or drug use on the part of the person to be tested. If upheld, the decision would block virtually all mandatory post-accident testing and all reasonable cause testing performed after rule violations, personal injuries and lesser-magnitude train accidents. Testing for particularized reasonable suspicion would continue to be authorized, but it has been our experience that most drug users and many alcohol users do not display outward signs that would give rise to a particularized suspicion of use or impairment.

SENATOR LAUTENBERG: Are you appealing this decision?

ANSWER: Yes, we have asked the Supreme Court to review the 9th Circuit decision. The Solicitor General filed a petition for writ of certiorari on March 17, 1988.

SENATOR LAUTENBERG: Are you now required to suspend FRA rules in this area until the decision is appealed and finally decided?

ANSWER: No, we are gratified to report that the rule will continue in effect pending final disposition by the Supreme Court. On March 4, 1988, the 9th Circuit granted the Government's motion for a stay of its mandate. Under the Federal Rules of Appellate Procedure, that stay will remain in effect pending Supreme Court action since the petition for writ of certiorari has been filed.

SENATOR LAUTENBERG: What is the status of FRA's random drug testing efforts?

ANSWER: We have made significant progress in the preparation of a proposed rule to require random testing. Because of the need to obtain appropriate clearances within the Executive Branch, I cannot predict a specific date for issuance of that proposed rule.

SENATOR LAUTENBERG: Have you completed your analysis of the Operation Red Block Program in the Union Pacific and CSX railroads? What is the status of that effort? Any conclusions to date?

ANSWER: FRA contracted with the Institute of Human Resources in June 1987, to undertake an extensive examination of Operation: Red Block (ORB) on both Union Pacific and CSX Railroads and to write a case study report. We have completed our review of a first draft and the final report on the case study will be available during June 1988.

At this point, any conclusions are preliminary. However, the case study review has shown that the ORB program has been very active on both railroads and a significant number of employees have received training in alcohol and drug prevention. FRA has high hopes that the case study will provide the foundation for a national rail industry prevention program.

RESEARCH AND DEVELOPMENT

SENATOR LAUTENBERG: This Committee has encouraged FRA to devote more funding on the "human factors" in the railroad industry. What have you done in this regard?

ANSWER: FRA's current and planned activities have been reviewed with an eye toward more clearly identifying the human factors components in the research and development program, in other Office of Safety efforts and in labor-management initiatives funded from the Administrator's budget. Opportunities for productively adding to these efforts was also explored. The first conclusion was that there is substantially more human factors work underway and planned than is immediately evident from the research and development budget. In this light and considering other research needs, the second conclusion is that the overall program is balanced. These considerations are more fully explained in the "Report to the Senate and House Appropriations Committees on Human Factors Related Research," attached hereto.

SENATOR LAUTENBERG: What is the status of the Committee-requested report on devoting at least 10 percent of R&D funds on human factors (growing to 30 percent after three years)?

ANSWER: The report on human factors was submitted to the House and Senate Appropriations Committees on March 23, 1988.

SENATOR LAUTENBERG: Twenty-eight percent of all rail accidents are due to "human error." How many of FRA's research employees have a background in the behavioral sciences?

ANSWER: The Deputy Associate Administrator for Safety has a masters degree in behavioral science and FRA's R&D project managers are engineers with broad and varied work experience. Two have substantial experience in areas requiring a general knowledge of the principles of understanding and predicting human behavior. When more definitive skills are required, assistance is obtained from other DOT elements, particularly the Transportation Systems Center or by contract. It is also important to recognize, however, that the causes of many, if not most, human factor accidents do not present the kind of situation in which research is necessary for cause identification or response development. Most--such as alcohol and drug and tampering--are more matters of enforcement.

SENATOR LAUTENBERG: Does FRA have any research underway to study such "human error" factors as stress, fatigue, training, union relations, etc.? If not, why not? If so, please elaborate on the research in these areas or the qualifications of FRA employees in these areas.

ANSWER: A survey of dispatching operations is underway by FRA field personnel. The data from this work will be used to target areas for further evaluation. These are expected to include dispatcher selection and training, stress, work load, work environments and other issues. Training of dispatchers and train crews, including locomotive engineers, is also being examined in work for the U.S. Air Force Rail Garrison program. A project to examine stress and fatigue issues involving locomotive engineers is scheduled to begin in 1989.

REPORT TO THE SENATE AND HOUSE APPROPRIATIONS COMMITTEES ON HUMAN FACTORS RELATED RESEARCH

The Senate Committee on Appropriations report submitted on the Department of Transportation and related agencies appropriation bill for fiscal year 1988 directed "...that at least ten percent [of FRA research funding] be devoted to human factors research in 1988..." and that FRA report "....on how the ten percent will be spent in fiscal year 1988 and how FRA would target 20 percent in 1989 then 30 percent in 1990...."

FRA is in full accord with the Committee's view that at least 10 percent of FRA's research and development budget can be effectively directed at human factors research in 1988. These are projects focusing largely or entirely on researching human factors or developing mechanical systems to provide a backstop for commonly experienced human factor accidents. The programs to which that funding has been or is being directed are itemized as follows:

Advanced Train Control System Evaluation (FY 88 - $200,000)

The safety implications of the evolving Advanced Train Control System and related technologies will be evaluated from a human factors perspective. Included will be consideration of: clarity, usefulness and reliability of information provided engineers and dispatchers; harmony of the placement of required equipment with existing equipment in locomotive cabs and dispatcher work stations for ease of use; and, potential for inducing stress and fatigue.

Dispatcher Function Evaluation (FY 88 - $163,000)

FRA field forces began collecting base line data during 1987. The exact nature of further work will depend upon the findings of this effort but are expected to include evaluations of: equipment, work practices, work environment, work load, stress, dispatcher selection and training, and supervision.

Locomotive Control Compartment Safety (FY 88 - $200,000)

Three major areas are to be considered: cab structural crashworthiness, safety of the cab interior during accidents, and cab design, including instrumentation relative to safe and efficient train operations from the human factors perspective.

Grade Crossing Safety (FY 87 - $299,000, funds to be expended in FY 88)

Funding was provided to support the development and distribution of educational materials targeted for specific societal groups to increase their awareness of hazards at railroad-highway grade crossings. This effort is a part of the National Operation Lifesaver Program.

Rail Garrison Technical Support for Training (FY 88 - $1,300,000, U.S. Air Force Funds)

FRA is assisting the U.S. Air Force to identify training, training equipment, and training facility requirements for operating crews to be used on Rail Garrison Trains. Training courses will also be developed. The approach being taken involves the job analysis of each craft and the identification of required knowledge, skills, and abilities. At least the following crafts will be included: locomotive engineer, brakeman, dispatcher, conductor (train commander), and, probably a mechanical or trainman function. As a result of the funding provided by the U.S. Air Force for this work, FRA can use this output instead of requiring additional FRA R&D funding for similar work.

* * *

In addition, in 1988, we are conducting the following human factors research projects which will be financed in part or in whole with carryover funds from prior fiscal years:

Engineman Alertor/Emergency Braking System

Tests are being conducted of a modern alertor coupled to a prototype foot pedal for improving engineer vigilance and providing a means for safer and more efficient train handling.

Obligated, FY 86 & 87 - $109,000
Remains to be spent in FY 88 - $49,000

Innovative Engineman Alertor System

Through the Small Business Innovative Research Program, a non-intrusive, undefeatable, inexpensive alertor system is being developed and tested. Field tests are to begin during the summer of 1988.

Obligated, FY 84 (Phase I) - $50,000
Obligated, FY 85 (Phase II) - $266,000
Estimated FY 88 Spending - $88,000

Railroad Employee Safety

The safety benefits of improved management observation of employee work practices and the use of motivational techniques to improve safety performance is being demonstrated on two railroads. The final report is due in May 1988. A briefing on the findings is scheduled for April 5, 1988.

Obligated, FY 84 - $199,000
Obligated, FY 85 - $22,000
Estimated FY 88 Spending - $50,000

Selection of Locomotive Engineer Trainees

Tests are being developed and validated for use in selecting applicants for training as locomotive engineers. These are basically aptitude tests to identify if applicants have the innate capabilities needed to become proficient engineers with appropriate training. The first level of validation is to be completed in the fall of 1988.

Obligated, FY 85 - $243,000
Obligated, FY 88 - $18,000 (carryover funds)
Estimated FY 88 Spending - $108,000

Locomotive Engineer Data Base

A data base was designed to capture and maintain a variety of information relevant to locomotive engineer training and performance. The RALES facility is used for this purpose. This data is expected to be useful in future research efforts. The final report and users manual was received in February 1988.

Obligated, FY 83 - $98,000
Funds expended prior to FY 88

Operation Red Block Assessment

This is a peer intervention, substance abuse prevention program in effect on the Union Pacific, CSX, and several other railroads. FRA is evaluating its impact and management, both to assess the success of varying management techniques and to provide instructional materials for other carriers seeking to implement Red Block Programs.

Obligated, FY 87 - $120,000
Estimated FY 88 Spending - $80,000
Anticipated FY 88 Obligation - $9,000 (conference costs to be shared by participating railroads)

These are funds from the Administrator's account, not R&D.

Amtrak Labor-Management Safety Training Grant

This cooperative project is a joint labor-management effort to design, develop, and test a computer-assisted safety training system incorporating video disc technology. The program will emphasize four safety areas: (1) maintenance of way employee safety; (2) emergency response training; (3) environmental/hazardous materials accident safety: and (4) operating rules.

Obligated, FY 87 - $197,500
Estimated FY 88 Spending - $197,500

Funds are from the Administrator's and the Office of Safety accounts, not R&D.

Finally, the following projects, while not specifically directed toward human factors, include components which focus on human factors research:

(a) Rear End Marker Evaluation, and

(b) Improved Air Brake Systems

Overall, the percentage of FRA's 1988 research and development budget allocated to human factors research exceeds 10 percent, and will likely approximate 12 percent by years end. Taking into account the human factors research performed with funding from the Air Force contract, the Labor-Management program and the Office of Safety contract funds, the percentage is considerably higher (in the 20 to 25 percent range).

Projecting proper expenditure levels for 1989 and 1990 is a more difficult challenge. We cannot, at least at this point, construct a research program that effectively targets 20 to 30 percent to human factors research. Funding at those levels would involve counterproductive trade-offs against non-human factors research projects, that have a direct and immediate bearing on railroad safety.

In any given year, the apportionment of research dollars among different accident causations is a function of immediate needs dictated by the direction of our regulatory program, and longer term opportunities presented by the availability of defined project concepts. We simply do not have enough defined human factors research proposals to consume 20 to 30 percent of our budget, even should every existing proposal receive full funding in the next two fiscal years.

It is true that human factor accidents now exceed 30 percent of reportable accidents. But effective research budgeting cannot proceed from the premise that the percentage of research dollars devoted to each form of accident causation should equal or approximate the percentage of accidents resulting from that causation. The principal reason is that certain types of accidents are simply more susceptible to solution via research than others. Moreover, research in the "heavy hardware" areas is more expensive than research in other disciplines.

In the areas of track, wheels, signal and equipment, research is invariably a prerequisite to regulatory or enforcement action. For example, a high percentage of track, wheel and equipment accidents involve some form of metallurgical failure. Our knowledge on the derivation, spread and detection of incipient rail flaws is limited, and our understanding of the factors which promote thermal wheel failure is minimal. Research on metallurgical factors peculiar to the rail environment is an essential prerequisite to further progress in these very important areas.

In the area of hazardous material transport, as in the area of track train dynamics, research plays an equally basic role. Understanding more about the interactivity of different chemical substances is a prerequisite to the development of train placement regulations. And it is impossible for FRA to go further in regulating the area of track train dynamics without enhancing our basic understanding of track train interactive phenomena.

In human factors research, the situation is different. Many types of human factor accidents are simply not susceptible to solution by research. Moreover, lack of research data is not, at least at present, an obstacle to effective near term action aimed at many principle causes of human factor failure. These accidents breakdown into several categories--incapacity (normally alcohol and drugs), tampering and judgment errors. In most of these areas, we have a good understanding of what needs to be done and research is incremental rather than a prerequisite to action.

There are few areas where FRA can proceed in its effort to combat the major causes of heavy hardware accidents without substantial research investments. In contrast, while there are many subjects in the human factor arena that we intend to research, we generally have the ability to take significant near term action aimed at the causes of human factor accidents without the prerequisite of a major research program. This is, in reality, nothing more than a reflection of the fact that track and equipment accidents are more susceptible to resolution through research than their human factor counterparts.

Equally important, there are several factors inherent in human factors research which makes it less likely to consume a large percentage of research expenditures than research in the track, equipment and signal area. Human factors research is simply less expensive than research in track, equipment and signalling, where investment in instrumentation, test crews and hardware development is normally required. In addition, FRA human factors research often draws the benefit of industry and labor organizational support with contributions of personnel and funding, which in turn lowers the federal outlays required to complete the projects. The agency has received as much as 23 percent of the cost of its human factors research programs from these organizations.

Also, dollars invested in previous human factors research programs often have a significant spill over effect in lowering the cost of subsequent research. For example, the approximately $10 million invested in constructing the hardware and data base for the FRA/IITRI locomotive simulator has enabled FRA to conduct extensive research into factors bearing on engineer performance for reasonably small additional outlays.

These factors suggest to us that the most efficient allocation of research dollars for FY 1989 and FY 1990 would place the dollars allocated to human factors research (though not necessarily the yield from that research) below the 20 to 30 percent level. Those projections, as we currently see them, are as follows:

	Estimated Funding ($000)	
Projects	FY 1989	FY 1990
Grade Crossing Safety Educational/ Motivational Materials	200	200
Dispatcher Function Evaluation	300	100
Engineman Stress and Fatigue	200	100
Locomotive Control Compartment	219	200
Operating Rules Effectiveness Evaluation	---	300
	$919	$900

It is worth reemphasizing that the allocation of research dollars is largely a function of available, defined project concepts. We are constantly seeking sound research proposals both within and out of the human factors area. It is entirely conceivable that efforts such as the dispatcher assessment will lead to the identification of areas where human factors research can soundly draw additional research dollars. And we intend to retain the flexibility to incorporate additional human factors research should worthy projects be developed.

We will continue to keep the Committee apprised of that progress.

SENATOR LAUTENBERG: Trespasser injuries and deaths account for a large percentage of the total incurred in the industry. What research is FRA doing in this area?

ANSWER: Substantial research has been done in the past by FRA with the objective of improving people's perception of approaching trains, particularly at highway-railroad grade crossings. Research sponsored by the Federal Highway Administration continues with the objective of improving the effectiveness of grade crossing warning devices. FRA has turned its efforts to increasing the public awareness of the hazards which exist around railroad tracks and moving trains, particularly at grade crossings, through financial assistance support to the National Operation Lifesaver Program. This appears to be the most cost effective way to reduce accidents involving both trespassers in general and motorists at grade crossings.

SENATOR LAUTENBERG: There have been many studies done regarding engineer stress. Why is FRA spending $200,000 in this area in Fiscal Year 1989?

ANSWER: There have been three recent interrelated studies of locomotive engineer stress. All were within the rather unique operating and labor-management environment of the Northeast Corridor. The first study or set of studies was sponsored by the Brotherhood of Locomotive Engineers (BLE). The second was commissioned by Amtrak as a reaction or response to the BLE studies. Issues and positions raised in both studies were destined for labor-management bargaining. The third study was an analysis of the BLE work by the General Accounting Office (GAO) requested by Congressman Florio. GAO concluded that some of the work was useful as a basis for future research but that the studies contained several limitations. Despite this background, a great deal is still to be learned about the effects of stress and fatigue on locomotive engineer performance. The extensive work in this area with respect to airline pilot performance is indicative of what needs to be done.

SENATOR LAUTENBERG: What is FRA doing to mitigate or reduce the causal factors associated with engineer stress and fatigue?

ANSWER: The human factors aspect of the project to evaluate locomotive cabs include full consideration of the range of environmental conditions (cold, heat, noise, vibration, etc.) cited as contributors to both stress and fatigue as well as the design and placement of controls, gauges, seats, toilet facilities and other equipment. This project is just beginning and is expected to culminate with the development of new design standards for locomotive cabs. It is a cooperative project involving the Locomotive Control Compartment Committee which is co-chaired by representatives of the Brotherhood of Locomotive Engineers and the United Transportation Union. Other members include FRA, the Association of American Railroads and railroad representatives. In addition, the stress and fatigue study planned for 1989 is expected to better define causal factors, their degree of contribution to stress and fatigue and viable remedies in both existing and likely future train operating scenarios.

SENATOR LAUTENBERG: Alcohol and drug abuse are very important concerns in the railroad industry. Why isn't FRA conducting research in these areas?

ANSWER: The FRA conducted a comprehensive analysis of the accidents that occurred between 1975 and 1984 in development of its regulatory program. This effort established that there was a national safety problem and provided the basis for the regulation.

FRA has actively promoted the establishment of voluntary efforts among the rail employees, labor organizations and companies. The use of referral programs and employee assistance programs is best handled by the private sector.

FRA has not found a need for research in this area. Our post accident testing results provide evidence on the extent of the problem. Our regulatory program is designed to address the situation.

SENATOR LAUTENBERG: Recent allegations by the Conrail engineer who caused the Chase, Maryland accident put alcohol and drug use in the industry at very high levels. Has FRA ever surveyed or tried to verify the extent of the problem in the industry. If so, what did you do? If not, why not?

ANSWER: In the late 1970's, the FRA funded an extensive survey of alcohol use by railroad employees. The study was called the "Railroad Employee Assistance Project" (REAP) and is referred to as the REAP study. Major findings were as follows:

- o 19% of all employees were "problem drinkers."
- o 23% of operating personnel were "problem drinkers."
- o only 4% of problem drinkers were receiving help through an employee assistance program and even fewer were handled through disciplinary procedures.
- o 5% of workers reported to work "very drunk" or got "very drunk" on duty at least once in the study year (1978).
- o 13% of workers reported to work at least "a little drunk" one or more times during that period.
- o 13% of operating employees drank while on duty at least once during the study year, averaging about three such instances during the year.
- o An estimated one out of every eight railroad workers drank at least once while on duty.

In 1983, the FRA attempted to develop a REAP survey model to assess the extent of the drug problem. The respondents reported they thought there was a drug problem. However, there was no self-reporting of drug use or cases of observed use reported. This contrasted with the REAP report where the respondents reported their use of alcohol. The results of the test convinced the FRA that the information derived was not useful or accurate. Based upon our findings, the drug survey effort was discontinued.

In 1986 and 1987, FRA-mandated post-accident testing occurred after 349 accidents/incidents. Samples were obtained from 1,508 employees. Of those providing samples, 76 or 5 percent were positive for alcohol or an illicit substance.

SENATOR LAUTENBERG: If directed to spend additional funding for "human factors," where would FRA spend it? (In Fiscal Year 1989 and the out years.)

ANSWER: The FRA believes its current program as discussed in the report FRA submitted to the House and Senate Appropriations Committees, "Report to the Senate and House Appropriations Committees on Human Factors Related Research," effectively covers the critical safety issues on human factors. Additional funding cannot be effectively spent based on our current definition of research needs in this area.

SENATOR LAUTENBERG: If total R&D funding remained stable but FRA was directed to spend 20 then 30 percent of its budget on "human factors," where would it spend it, and what other research (being planned) would not get done?

ANSWER: This subject is addressed in considerable detail in the "Report to the Senate and House Appropriations Committees on Human Factors Related Research," which has been submitted as directed. The FRA believes that we now have a balanced R&D program covering all of the critical safety issues currently defined. Significant additional human factors work over and above that requested would require reductions in the equipment safety evaluations, hazardous materials safety issues and the track safety evaluation activities. However, FRA intends to retain the flexibility to incorporate additional human factors research if worthy projects are developed.

ENFORCEMENT

SENATOR LAUTENBERG: In the budget, FRA requested 4 additional attorneys in the Chief Counsel's Office. Why were these additional positions requested?

ANSWER: FRA's safety attorneys are responsible for all aspects of rail safety law, including enforcement, regulations, litigation, legislation, interpretations, and day-to-day counsel to FRA's safety personnel. All of these consume much time, but enforcement is by far the most demanding aspect of its work.

FRA's enforcement efforts in general have quickened in recent years; the number of FRA rail safety inspectors has increased from 275 to 325, and the areas in which the 103 state inspectors can submit recommendations for civil penalty assessments have been broadened beyond track and freight car regulations to all the other areas covered by FRA's regulations (e.g., operating practices, safety appliances). As a result of the larger inspection force and a greater reliance on civil penalties as an enforcement tool, our attorneys have experienced a substantial increase in their civil penalty caseload. Since fiscal year 1983, the average number of violation reports received by the Chief Counsel's Office each year has increased from roughly 2,000 to 9,000. Meanwhile, the total value of civil penalties assessed but not yet reduced to settlement stands at $10.6 million. Those dollars now outstanding represent 8,892 individual violations for which supporting evidence had to be developed and reviewed for legal sufficiency. An additional 11,169 such violations are now in various stages of the enforcement process leading to the assessment of civil penalties.

We have requested these additional positions solely for the purpose of meeting this critical enforcement need. However, we anticipate a likely increase in the other workloads carried by our safety attorneys, especially in the wake of this year's authorizing legislation, which would require up to a dozen new rulemakings. With or without such legislation, FRA will conduct a stepped-up rulemaking schedule on such subjects as automatic train control, alcohol and drug abuse, locomotive cab safety, radio communications, use of cabooses, freight car wheels, transportation of hazardous materials, and rear end markers. We will continue current litigation involving the validity of the FRA rule on control of alcohol and drug use and the proper interpretation of the Hazardous Materials

Transportation Act. In addition, of course, we intend to file a very large lawsuit for recovery of civil penalties against the Guilford railroads that will absorb very significant amounts of FRA safety attorney time.

FRA takes its enforcement responsibilities seriously and believes this situation is intolerable. The older the cases with which we are dealing, the less useful are the negotiation discussions we hold with the railroads, since they address old fact situations that well may have changed. In addition, stale cases are "worth" less at the bargaining table. Most important, the deterrent value of our cases is substantially eroded with the lengthening of the time intervals between commission of the violation, assessment of the civil penalty, and negotiation of the claim.

Our safety attorneys have taken many steps in recent years to streamline the enforcement process and to maximize productivity. However, increased efficiency alone has proven unable to keep pace with the increased workload. If the Office of the Chief Counsel is ever to reduce significantly the time between violation and penalty, it simply needs more people to do the job. We believe the additional staff would permit us to reduce violation processing time by at least six months.

In addition, enactment of a rail safety bill this year will impose a significant new workload on our safety attorneys. For example, the bill would broaden FRA's safety jurisdiction to authorize the imposition of civil penalties against individuals. This much needed improvement would open up a whole new area of enforcement action. The bill would also permit FRA action to suspend or disqualify individuals from safety-sensitive positions. This latter authority, of course, would embroil FRA safety attorneys, after a significant rulemaking effort, in a wholly new enforcement process that would include notice, negotiation, hearing, and appeal within the agency and subsequent review in federal district court. And the whole issue of individual liability is likely to spawn litigation.

Moreover, any bill enacted will likely require other extensive rulemaking efforts that will draw heavily on our safety attorneys. Without additional attorneys, the enforcement process will be slowed to a crawl. And even if no bill is enacted, our attorneys will continue to lose ground in the battle to stay current in the enforcement process.

SENATOR LAUTENBERG: What is the amount of existing penalty/fine backlog? How does this compare with previous years?

ANSWER: The total amount of civil penalties assessed but not yet reduced to settlement is $10.6 million. Violation reports awaiting assessment action will add approximately $17 million. At the end of fiscal years 1987, 1986, and 1985, the amounts outstanding were $10.8 million, $9.7 million, and $9.7 million, respectively.

SENATOR LAUTENBERG: Are the additional attorneys requested to keep up with an increased workload or to work on the backlog?

ANSWER: Both. As the next answer demonstrates, the workload has continued to expand.

SENATOR LAUTENBERG: How many new cases get referred to Chief Counsel each year? (Provide the information for the past three years.)

ANSWER: The following figures show the number of violation reports received by the Chief Counsel in recent years:

FY 1988	9,244 (proj. based on first six months)
1987	6,987
1986	6,875
1985	5,270
1984	3,350
1983	1,988

SENATOR LAUTENBERG: What are the costs, direct and indirect, for the four new attorneys? Is there a cost-benefit to hiring the additional personnel? That is, will additional attorneys help the government collect additional fines/penalties in this year?

ANSWER: Given the comparatively modest salaries of government attorneys and the $10.6 million in civil penalties now outstanding (and the greater amount now awaiting assessment), these additional hires would easily and quickly pay for themselves many times over. The financial benefit to the Government would be twofold: (i) a significant short-term bonus as we catch up with the backlog and (ii) a continuing, larger, long-term benefit realized as our attorneys are able to maintain a much quicker enforcement pace. We believe the additional staff would permit us to liquidate the current backlog and to transmit and close the claims now in house, together totalling approximately $27 million, within two years. Assuming only a 50 percent settlement level (low historically), annual direct and indirect cost for the four attorneys of $216,000 would permit the rapid collection of $13.5 million. In the longer term, the added staff would prevent the formation of a new backlog and permit the maintenance of a current settlement schedule. Thus, instead of two to three years between assessment and collection, the average would be closer to one year. Of course, year after year, the compounded spread between the staff costs and the amount collected early would represent a continuing financial benefit to the Government. And the benefit is likely to be substantially greater than this analysis indicates, since Congress is likely to adopt the proposal now in conference to increase the civil penalty limits from $2,500 to $10,000. Of course, it is incorrect to view the addition of these attorneys in purely fiscal terms. Their primary impact will be in enhancing safety by reducing the time between violation and fine.

FEDERAL INSPECTOR WORK FORCE

SENATOR LAUTENBERG: In the FAA and in the Bureau of Motor Carrier Safety, there are often problems placing controllers and safety inspectors in high-cost regions. Does FRA experience the same problems with its safety inspectors? If so, describe the extent of the problem.

ANSWER: The FRA has had some problems with filling vacancies in high-cost areas. In the past, we relocated the Los Angeles, California, office to Laguna Nigel, California. This relocation was necessary in order to attract employees to fill the vacancies in the office. The high rent, escalated real estate costs and premium parking rates detracted from the Los Angeles district office being able to attract reliable and qualified people for positions.

SENATOR LAUTENBERG: How does FRA fill inspector vacancies in the regions? Is there much movement from region to region? (Describe)

ANSWER: The FRA primarily uses two recruitment sources to fill Railroad Safety Inspector, GS-12 vacancies. One source is through the issuance of vacancy announcements under the FRA Merit Promotion Program. Vacancy announcements are used to locate candidates with competitive Federal Government status who are currently employed by the Federal Government, including current FRA Railroad Safety Inspectors or those who formerly worked for the Federal Government and are eligible for reinstatement. The second source is the National Railroad Safety Inspector Register maintained by the FRA's Office of Personnel. The National Register, which is a competitive examination, contains names of qualified candidates who have no previous Government experience. The operation and maintenance of the National Register has been delegated to the FRA's Office of Personnel by the U.S. Office of Personnel Management. Selections for Railroad Safety Inspector vacancies are made from either recruitment source.

As described above, current FRA employees may apply for consideration for Railroad Safety Inspector vacancies under the FRA Merit Promotion Program vacancy announcements. FRA employees may apply for vacancies outside of their current regions. If the FRA employee is selected, movement of the employee from one region to another may occur depending upon the location of the vacancy and the current duty station of the employee. In addition, applicants from the National Register and other applicants eligible to apply under the vacancy announcements may be considered for any of the FRA duty locations across the country for which they have expressed an interest.

SENATOR LAUTENBERG: How long does it take to fill an open inspector position? Why does it take this long?

ANSWER: It takes approximately three months to fill an open Railroad Safety Inspector position.

As stated in the preceding response, the FRA uses two recruitment sources to fill vacancies. The process of issuing vacancy announcements and accepting applications from interested FRA employees and other eligible candidates takes about six weeks. At the same time, lists of names of eligible candidates from the National Railroad Safety Inspector Register are prepared. The candidates from the National Register are then contacted in writing to determine their interest in the specific vacancy. Once these two procedures are completed, eligible candidates are referred to the selecting official who conducts interviews with the candidates and contacts supervisory and personal references of the candidates. After the selection is made, the selectee is notified and he/she usually gives their current employer at least a two-week separation notice period, sometimes longer.

SENATOR LAUTENBERG: The agency is requesting three new supervisory inspector positions. What specifically will be their mission?

ANSWER: The major duties of the three supervisory inspector positions will be to assist in planning, developing, coordinating and directing all railroad safety inspections, investigations and enforcement programs within a region in support of FRA safety objectives, plans and missions.

SENATOR LAUTENBERG: How did FRA decide that Philadelphia, Kansas City, and Atlanta needed these supervisors?

ANSWER: Currently, staff inspectors are frequently pulled from their normal duties to perform the duties of a supervisory inspector. Rather than hire additional inspectors, the FRA believes it is better to hire people specifically qualified to be supervisors. The new supervisory positions are needed in Kansas City and Atlanta because, with the exception of the Regional Directors of Railroad Safety in those two locations, there are no other senior level employees present to provide the operational and administrative direction to the safety inspector workforce that is needed for an effective span of control. The supervisory position is needed in Philadelphia because it is the FRA's largest region in terms of both workforce and workload.

SENATOR LAUTENBERG: Was this determined by the inspector work force staffing allocation model? If not, how was it determined?

ANSWER: The safety enforcement staffing model, projecting overall staffing size, relates the level of inspector activity and the railroad safety record. The inspector work measure is correlated with the railroad total loss per revenue ton miles using least squares regression. Model assumption are: 1) total loses as measured by casualties and accidents remain at the prior year level 2) revenue ton miles increase by three percent over the prior year 3) the inspector level is near optimum and (4) inspector productivity for the additional inspectors requested does not improve over the prior year level. The staffing model actually calls for an additional five positions, not just three. The model does not differentiate between supervisory inspectors and staff inspectors.

SENATOR LAUTENBERG: Safety inspector reports have a "transmittal time" of 325 days. What is "transmittal time"?

ANSWER: Transmittal time is the average time that elapses between receipt of inspectors' violation reports in the FRA Office of Chief Counsel and their transmittal as part of enforcement cases to railroads or shippers.

WASHINGTON UNION STATION

SENATOR LAUTENBERG: Union Station is scheduled for a fall 1988 opening. Will this date be met?

ANSWER: Yes. We will finish the redevelopment on time, we believe the developer and its tenants will finish their work on time, and we are now confident that the District of Columbia will finish the parking garage in time for the opening (the garage was to have been finished in October of 1986).

SENATOR LAUTENBERG: What is the status of the redevelopment? (Briefly describe major construction progress including the garage, and status of the use and leasing of the commercial space.)

ANSWER: In August of 1986, Union Station Redevelopment Corporation (USRC) awarded a construction contract for renovation and rehabilitation of Union Station to the Dick Corporation. That contract is scheduled for completion on May 23, 1988. It is on schedule.

The work includes the new train station, faithful restoration of all the historically significant architectural features and surfaces of the building, new plumbing, heating, air conditioning, lighting, fire protection, and electrical systems, bringing the building into compliance with modern building codes, and making it accessible to the handicapped, as well as improvements to accommodate the developer.

The major structural work is complete. The "pit" in the Main Hall is gone. Openings have been made through the ceilings of the Main Hall and the Concourse to connect those spaces in an elegant way at the mezzanine level. A new mezzanine has been built in the Concourse and a grand stairwell has been opened from the main floor of the Concourse down to the lower level. A direct connection into the Metro station is under construction.

Virtually all of the "behind the wall" work is complete. New plumbing, heating, air conditioning, lighting, fire protection, and electrical systems are nearing completion. The principal items remaining are the steam and chilled water lines to the building, which are under construction, and installation of equipment and finish items, such as lighting fixtures.

In many areas, final finishes are being applied. The plaster and gold leaf on the Main Hall ceiling are virtually complete. Marble is being laid on the floors. Pompeiian tracery is nearly restored in the East Hall. Plaster work is almost complete and ready for painting in the Presidential Suite.

The developer will introduce more than 200,000 square feet of retail space and more than 85,000 square feet of office space. The development will include a nine-theater cineplex, five major restaurants, and an array of high-quality merchants. The developer's leasing efforts are going very well. About two-thirds of the space is leased or committed.

In keeping with the Union Station Redevelopment Act of 1981, the Secretary of Transportation entered into an agreement with the District of Columbia for completion of the garage using $40 million of Interstate Highway funds. The garage project includes the garage itself, ramps connecting it to H Street and Columbus Plaza around both ends of the station, and a structure (the "link" or "connecting" structure, for lack of a better name) connecting the garage to the historic station building.

The District awarded the construction contract on the garage through competitive bidding. The contract amount was $28,845,000. It was to be completed on October 26, 1986. On June 19, 1987, the District terminated the contract for default with the garage only about 70 percent complete. The delay in completion of the garage endangered timely completion of the entire Union Station project.

It took six months for the District to secure payment on the surety bond and award a new contract to the Dick Corporation. Our experience with the Dick Corporation, which is also USRC's contractor, is such that we are confident that the garage will be finished in time to permit the entire Union Station project to open in 1988.

In the garage, work is underway on the elevators and escalators, concrete is being poured for the bus deck (pours are scheduled throughout this period), and glass has been received for the glass roof in the link structure.

USRC has begun a procurement to secure an operator for the garage. The operator will be responsible for installing ticket boothes, ticket-spitters, signage, and parking space striping. All of that will be in place for the grand opening.

SENATOR LAUTENBERG: In the budget justification, FRA is assuming approximately $750,000 in parking lot fees. Please describe how this was estimated.

ANSWER: We project that the Union Station Redevelopment Corporation will receive $1.625 million in parking revenues in FY 1989. That projection was prepared as follows on a conservative basis which we hope to exceed:

USRC PARKING REVENUES FOR FY 1989

	Assumptions	Spaces	Revenue
Retail	2.7 turns x 50$/ car x 365 days	600 spaces	$295,650
Amtrak long-term	$5/day x 365 days	200 spaces	365,000
Amtrak short-term	$1 x 365 days x 32 turns per day	45 spaces	525,600
Office			
Reserved	$225/month	20 spaces	54,000
Other	$150/month	180 spaces	324,000
Daily	$8/day x 260	151 spaces	314,080
Weekend	$6/day x 1.5 turns	325 spaces	304,200

Reserve	Cannot use entire capacity of any garage	100 spaces	_______
Gross Revenue			$2,182,530
Less Operating Expenses	$275/space*		($356,400)
Net to USRC			$1,826,130
Discounted for start-up to:			$1,625,000

*The contract to manage the garage will be competitively bid. Therefore, this amount may be less or more.

SENATOR LAUTENBERG: If appropriations for Union Station rent were provided at the requested level of $2.7 million, how would FRA make up a shortfall if parking receipts don't meet expectations?

ANSWER: FRA would have to consider seeking authority to reprogram funds from somewhere else, asking the owners to defer receipt of part of the rent, or seeking a supplemental appropriation.

SENATOR LAUTENBERG: What would happen to the funds provided for Union Station if parking lot or other receipts exceeded estimates?

ANSWER: The unneeded portion of the appropriated funds would be returned, unused, to the Treasury.

SENATOR LAUTENBERG: FRA in the budget request for 1989 indicated that there would be later legislation requesting the right to purchase the Union Station. What is the status of those negotiations? When do you expect to send the purchase request to Congress?

ANSWER: Negotiations with the owners were concluded on March 9, 1988. FRA plans to send the purchase request to Congress in two parts: (1) a report on the negotiations was forwarded to the Subcommittee on April 6, and (2) a budget amendment which FRA is asking OMB to send to Congress. It will probably take several weeks for the budget amendment to be submitted.

SENATOR LAUTENBERG: If FRA is successful in purchasing the station, is the title then transferred to the Redevelopment Corporation? Please elaborate on who (and why) would hold title.

ANSWER: The United States, acting through the Department of Transportation, would hold title. FRA and the Department lack the authority to sell the station. Doing so is forbidden by statute.

The Administration believes, however, that Union Station should be fully privatized by selling title to the private sector. Such a sale would not obviate the need to acquire title now, however, because only by acquiring title can the Government provide the developer (Union Station Venture) with a lease term long enough for the commercial project to be economically feasible. Once the redevelopment is completed and the retail portion of the project is rented-up, such a sale would be economically feasible. USRC, Amtrak or the developer would all be logical purchasers.

SENATOR LAUTENBERG: What is Amtrak's relationship with the station if FRA acquires title?

ANSWER: Amtrak is a tenant of the developer (1) under a sublease for the train station at no rent, while bearing its share of operating costs, and (2) under another sublease for the office space at a negotiated rent. The terms of Amtrak's subleases also depend upon FRA acquiring title to the station.

SENATOR LAUTENBERG: What remains of the $70 million provided by Amtrak for the Union Station redevelopment effort?

ANSWER: As of April 1, 1988, $5,643,873 remains unspent.

SENATOR LAUTENBERG: How do you estimate this balance will be spent?

ANSWER: We estimate that about $550,000 will be spent on USRC salaries, rent, and operations; $495,000 will be spent on architects' fees; and the remainder will be spent on construction and the grand opening. USRC is obligated to contribute up to $500,000 to the cost of the grand opening, but in-kind contributions and contributions from Amtrak, the Department, and the District of Columbia all count against USRC's obligation so the actual dollar expenditure by USRC will be less than that. We estimate that about $11 million will be expended on construction, of which about $6.9 million will be for the account of and paid for by others (the developer, Amtrak, the District of Columbia, the National Park Service, and the Architect of the Capitol). Of course, it is very important that each of those parties pay USRC promptly because USRC lacks the resources to carry their accounts. In addition to completion of the current Dick Corporation contract, the work on USRC's account includes seating, interior finishing of the new train concourse, graphics and signage, loading docks, and a "worst case" estimate of change orders.

OPERATION LIFESAVER

SENATOR LAUTENBERG: Last, year, in the continuing resolution I included an amendment to fund Operation Lifesaver at $200,000 from the Highway Trust Fund. What is the current status of the program?

ANSWER: Funds for Operation Lifesaver in the amount of $250,000 have been set aside from the 23 U.S.C. 130 Rail-Highway Crossings' authorization as required by Section 339 of the Department of Transportation and Related Agencies Appropriation Act of 1988 (P.L. 100-202). The Department is currently proceeding with procurement actions to award these funds.

SENATOR LAUTENBERG: What private sector organizations are participating in the program? What is the nature of that participation?

ANSWER: The national program coordinator is a nonprofit corporation, Operation Lifesaver, Inc. (OLI). This organization receives sustaining funds from the Association of American Railroads, the National Railroad Passenger Corporation, the Railway Progress Institute and the American Railroad and Transportation Builders Association. The first three of these, as well as the National Governors' Association and the McNair Group, are represented on OLI's Board of Directors. The Board is advised by a thirty-one member Council with representation from large and small railroads, states, labor, Federal agencies and NTSB, railroad suppliers, a bus company, the American Trucking Association and Canada's National Director of Operation Lifesaver. Council activities often call for the convening of ad hoc advisory subcommittees. A variety of nationally oriented organizations have served on these committees such as the American Association of Retired Persons, the American Automobile Association and insurance industry representatives. At the state and local level, Operation Lifesaver is supported predominantly by railroad funds. State support, though occasionally financial, is more often in-kind services and participation. OLI is currently seeking corporate sponsorship for both national and regional level programs. Meetings have already been held with McDonald's Corporation and with the Amoco Motor Club.

SENATOR LAUTENBERG: What are the current number on injuries, accidents and deaths at rail-highway crossings? For the record provide this information by state for the past three years.

ANSWER: Data available for 1987 is "preliminary," i.e., it is subject to change as late data and corrections are applied to the data bases. The final figures will be available in June. We have summarized the information by year for the nation in the following table:

THE NATION

	Accidents	Fatalities	Injuries
1985	6,919	582	2,687
1986	6,396	616	2,458
1987	6,331	607	2,383

The information for each year by state follows:

1985 RAIL-HIGHWAY CROSSING ACCIDENT AND CASUALTY TOTALS BY STATE

STATE	TOTAL ACCI	TOTAL KILLED	TOTAL INJURED
Alabama	192	6	73
Alaska	23		12
Arizona	44	4	18
Arkansas	166	20	86
California	345	37	128
Colorado	78	4	24
Connecticut	21	4	4
Delaware	13		
Florida	218	17	87
Georgia	261	16	97
Idaho	53	2	19
Illinois	422	45	161
Indiana	422	50	134
Iowa	165	11	53
Kansas	168	17	71
Kentucky	154	8	58
Louisiana	270	17	159
Maine	23		5
Maryland	42	3	16
Massachusetts	39	2	7
Michigan	317	40	123
Minnesota	154	16	50
Mississippi	153	7	90
Missouri	192	16	82
Montana	26	4	23
Nebraska	102	18	43
Nevada	7	1	8
New Hampshire	10		
New Jersey	57	3	5
New Mexico	13	3	4
New York	96	16	31
North Carolina	180	11	82
North Dakota	31	2	10
Ohio	467	58	218
Oklahoma	129	17	49
Oregon	70	3	15
Pennsylvania	138	7	54
Rhode Island	6		1
South Carolina	145	14	54
South Dakota	33	2	1
Tennessee	143	8	45
Texas	720	50	275
Utah	48		17
Vermont	8	1	1
Virginia	131	5	39
Washington	118	2	30
West Virginia	68	4	59
Wisconsin	225	9	65
Wyoming	13	2	1
FINAL TOTALS	6,919	582	2,687

1986 RAIL-HIGHWAY CROSSING ACCIDENT AND CASUALTY TOTALS BY STATE

STATE	TOTAL ACCI	TOTAL KILLED	TOTAL INJURED
Alabama	189	15	78
Alaska	11	1	9
Arizona	48	4	14
Arkansas	154	21	63
California	305	37	72
Colorado	71	6	27
Connecticut	14	4	5
Delaware	17	5	6
Florida	202	23	61
Georgia	228	14	90
Idaho	44	8	14
Illinois	433	59	183
Indiana	370	32	198
Iowa	134	9	54
Kansas	113	23	44
Kentucky	143	8	34
Louisiana	316	22	141
Maine	15	2	3
Maryland	43	4	15
Massachusetts	38	3	14
Michigan	259	24	90
Minnesota	147	12	49
Mississippi	166	13	67
Missouri	154	25	76
Montana	24	6	5
Nebraska	92	10	36
Nevada	6		1
New Hampshire	9		
New Jersey	53	2	18
New Mexico	18	2	5
New York	96	10	22
North Carolina	182	17	108
North Dakota	23	4	2
Ohio	425	55	139
Oklahoma	148	11	68
Oregon	59	7	20
Pennsylvania	139	9	44
Rhode Island	6		1
South Carolina	127	13	61
South Dakota	18		3
Tennessee	145	7	54
Texas	694	46	300
Utah	46	4	17
Vermont	5		2
Virginia	125	7	49
Washington	92	9	18
West Virginia	73	5	20
Wisconsin	171	18	58
Wyoming	6		
FINAL TOTALS	6,396	616	2,458

PRELIMINARY 1987 (12 MOS) RAIL-HIGHWAY CROSSING ACCIDENT AND CASUALTY TOTALS BY STATE

STATE	TOTAL ACCI	TOTAL KILLED	TOTAL INJURED
Alabama	216	12	100
Alaska	6		4
Arizona	32	4	12
Arkansas	173	32	46
California	258	23	70
Colorado	71	4	16
Connecticut	24	4	12
Delaware	20	2	7
Florida	188	14	70
Georgia	257	19	102
Idaho	45	3	13
Illinois	411	53	151
Indiana	390	43	154
Iowa	161	13	46
Kansas	141	28	54
Kentucky	144	13	65
Louisiana	240	12	95
Maine	22	2	2
Maryland	34	3	7
Massachusetts	16	1	5
Michigan	258	20	94
Minnesota	130	5	56
Mississippi	160	9	82
Missouri	189	13	71
Montana	19	5	11
Nebraska	106	17	39
Nevada	4		2
New Hampshire	6	1	1
New Jersey	65	1	21
New Mexico	21	4	7
New York	72	14	19
North Carolina	244	21	100
North Dakota	26	1	12
Ohio	396	67	137
Oklahoma	154	11	76
Oregon	47	4	15
Pennsylvania	130	14	33
Rhode Island	1		
South Carolina	124	9	46
South Dakota	21		18
Tennessee	148	12	67
Texas	625	55	250
Utah	32	9	15
Vermont	12	1	5
Virginia	142	6	47
Washington	111	9	35
West Virginia	69	1	25
Wisconsin	158	13	66
Wyoming	12		2
FINAL TOTALS	6,331	607	2,383

SENATOR LAUTENBERG: Every year approximately 500 lives are lost at rail-highway crossings. What effect has and can Operation Lifesaver have?

ANSWER: Over half of the accidents reported for public crossings occur where there are functioning active warning devices. The message and the challenge to Operation Lifesaver are clear, i.e., the public needs to be educated regarding the hazards at rail-highway crossings and the meaning of, and the proper response to, the various warning devices. Some spectacular results have been achieved by Operation Lifesaver (50% or more reductions in fatalities statewide during an active Operation Lifesaver's first year), but it is not feasible to separate these results from the benefits gained by the installation of active warning devices. The two approaches go together and must work together in order to achieve maximum benefits.

SENATOR LAUTENBERG: For the record provide the number of rail-highway crossings by state.

ANSWER: The information follows:

TOTAL PUBLIC AND PRIVATE CROSSINGS BY STATE AND TYPE

State	Public At Grade	RR Under	RR Over	Private	Pedestrian	Total
ALABAMA	4,697	496	191	2,423	34	7,841
ALASKA	224	11	5	114	9	363
ARIZONA	986	86	78	860	7	2,017
ARKANSAS	3,517	177	124	1,676	16	5,510
CALIFORNIA	8,874	934	567	5,541	254	16,170
COLORADO	2,271	199	110	1,649	13	4,242
CONNECTICUT	503	332	256	468	54	1,613
DELAWARE	260	44	56	175	4	539
DIST OF COLUMBIA	55	30	38	12	13	148
FLORIDA	4,361	207	74	1,527	43	6,212
GEORGIA	6,817	576	258	3,089	39	10,779
HAWAII	6	—	—	—	—	6
IDAHO	1,841	95	62	1,665	10	3,673
ILLINOIS	12,061	981	1,974	7,117	421	22,554
INDIANA	7,828	497	632	3,650	146	12,753
IOWA	6,201	502	359	4,452	62	11,576
KANSAS	9,102	350	216	4,626	38	14,332
KENTUCKY	3,603	468	482	3,775	114	8,442
LOUISIANA	4,589	215	128	3,903	44	8,879
MAINE	975	123	79	1,092	11	2,280
MARYLAND	904	323	211	825	26	2,289
MASSACHUSETTS	1,198	796	436	589	102	3,121
MICHIGAN	6,505	351	407	3,107	98	10,468
MINNESOTA	6,558	515	406	4,123	82	11,684
MISSISSIPPI	3,014	226	113	2,147	15	5,515
MISSOURI	5,840	709	442	4,430	99	11,520
MONTANA	1,742	136	83	2,368	20	4,349
NEBRASKA	4,587	223	142	3,303	23	8,278
NEVADA	288	48	39	267	2	644
NEW HAMPSHIRE	658	159	66	521	23	1,427
NEW JERSEY	2,089	544	738	705	125	4,201
NEW MEXICO	820	68	79	592	4	1,563
NEW YORK	3,959	1,381	1,126	3,593	301	10,360
NORTH CAROLINA	5,472	525	300	4,286	75	10,658
NORTH DAKOTA	5,221	83	89	2,547	36	7,976
OHIO	8,798	1,198	1,168	5,024	106	16,294
OKLAHOMA	5,006	270	204	1,953	20	7,453
OREGON	2,728	290	176	3,263	105	6,562
PENNSYLVANIA	6,141	1,621	1,949	3,962	335	14,008
RHODE ISLAND	127	99	41	77	4	348
SOUTH CAROLINA	4,325	405	133	1,788	17	6,668

SOUTH DAKOTA	2,512	102	58	1,609	7	4,288
TENNESSEE	4,136	516	500	2,409	37	7,598
TEXAS	14,015	819	800	7,231	51	22,916
UTAH	1,178	125	52	873	7	2,235
VERMONT	585	78	83	744	51	1,541
VIRGINIA	2,595	641	479	3,747	69	7,531
WASHINGTON	3,804	392	340	4,006	117	8,659
WEST VIRGINIA	2,430	292	378	2,939	110	6,149
WISCONSIN	5,814	458	356	3,660	167	10,455
WYOMING	579	106	54	1,075	8	1,822
PUERTO RICO	55	—	—	2	—	57
TOTALS	192,454	19,822	17,137	125,579	3,574	358,566

SENATOR LAUTENBERG: What specifically has the FRA and the Federal Highway Administration done to reduce the accident rate?

ANSWER: Both the FRA and the FHWA are active promoters of crossing safety programs at national, state and local levels. Both agencies are active in Operation Lifesaver programs at national, state and local levels. The FHWA is charged with administering the Section 130 program which provides $160 million annually to state highway authorities for safety improvements at rail-highway crossings. The FHWA oversees the apportionment and obligation of these funds and ensures that their application is in accord with the applicable laws, recognized standards and best practices in use throughout the rail and traffic safety community. Since enactment of the rail-highway crossings program in the Highway Safety Act of 1973, over $1.7 billion of these special funds have been obligated to improve rail-highway crossing safety. Over 22,000 rail-highway improvements have been implemented. The FHWA is currently sponsoring a series of two-day seminars throughout the country for rail and highway traffic and safety engineers regarding these standards, practices, the decision making process and program administration.

In 1987, the FRA and the FHWA joined with the railroad industry in sponsoring the 1987 National Conference on Highway-Rail Safety held in Denver, Colorado. Approximately 300 participants attended the Conference including professional engineers, lawyers, railroads, state and Federal officials, suppliers and individuals. Following the theme of the Conference, "Keeping the Crossing Out of the Courtroom Through Engineering," many of the papers presented related to how different aspects of crossing engineering and crossing safety could keep the participants out of the courtroom, avoiding litigation and testimony. Workshops and demonstrations included sessions on giving a deposition, making Operation Lifesaver presentations and improved project selection and priority setting. (Planning has been initiated for a 1988 National Operation Lifesaver Symposium.)

Since Operation Lifesaver, Inc., (OLI) was founded in the fall of 1986, the FRA has continued to work with the corporation and its officers, council and committees. The FRA has a grant to OLI of $299,000 to assist in establishing initial inventories of OLI presentation and promotional materials. Among the items currently available or being developed are brochures introducing OLI, promoting enforcement and targeting hazardous materials truck drivers and elderly drivers; and coloring books for grade school students and a variety of public service announcements for radio and television.

In 1987, the FRA made available two documents to assist railroad and state program managers in planning and conducting rail-highway crossing safety improvement programs. Both of these reports, the first titled "Summary of the DOT Rail-Highway Crossing Resource Allocation Procedure - Revised" and the second, "Rail-Highway Crossing Resource Allocation Procedure User's Guide, Third Edition," describe the U.S. DOT's Resource Allocation Procedure. This procedure includes accident and severity prediction formulas and a benefit/cost ranking process which can be useful in setting priorities and assessing rail-highway crossing safety improvement programs. The formulas enjoy widespread use among states, railroads, counties, cities, regional authorities, Operation Lifesaver program planners and others concerned with crossing safety. Some states are beginning to experiment and at least compare the benefit/cost ranking process to their own in-house decision making procedures.

Though the User's Guide provides enough information for a railroad, state or other user to establish their own procedure, the FRA offers support (free to railroads and states who maintain the U.S. DOT/AAR National Rail-Highway Crossing Inventory, one of the principal data resources for the Resource Allocation Procedure) in the form of crossing lists ranked by predictions or benefit/cost figures.

We have noted an unfortunate increase in the severity of rail-highway crossing accidents. Specifically, the number of accidents has continued to decrease year after year but the number of fatalities, though also declining, has not nearly kept pace. The FRA is encouraging the use, by states and railroads, of the severity prediction formulas described in these reports (which predict fatalities or casualties rather than just accidents) in their program planning efforts.

Funds expended or projected to be spent by FRA in support of rail-highway crossing programs include the following:

	1987	1988	1989
Operation Lifesaver Handout Materials[1]	$ 4,440	$ 1,700	$ 4,500
Grants to Operation Lifesaver, Inc.[2]	299,000		200,000
Resource Allocation Procedure (research)[3]	16,300		
Operation Lifesaver National Symposium[4]		5,500	
FRA's Information Processing Budgets[5]	273,000	365,000	225,000
Crossing Inventory Forms[6]		1,000	

Texas A&M University (research)[7]	75,000
Consultant Services[8]	9,600

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[1] Promotional materials such as coloring books and post-it note pads are distributed by FRA personnel when making presentations to schools and community groups.

[2] These grants will assist OLI in establishing initial inventories of OLI presentation materials. Brochures introducing OLI, promoting enforcement and targeting hazardous materials truck drivers and elderly drivers; and coloring books for grade school students and a variety of public service announcements for radio and television are among the items currently available or being developed.

[3] The project, sponsored jointly by FRA and FHWA, was completed and reports were published by the U.S. DOT's Transportation Systems Center in Cambridge, Massachusetts, in 1987.

[4] The FRA partially funded the 1984 and 1986 Symposiums and is actively involved in planning for the 1988 meeting scheduled for August in Virginia Beach, Virginia. The FRA will again contribute a portion of the Symposium's budget.

[5] The amounts represent the portion of FRA's information budget which is expended in support of the U.S. DOT/AAR National Rail-Highway Crossing Inventory and the crossing accident module of the Railroad Accident/Incident Reporting System. Processing includes data collection and control, retention and report production.

[6] These forms are provided to, and used by, states and railroads for submitting changes to the U.S. DOT/AAR National Rail-Highway Crossing Inventory.

[7] Contracted effort will review the efficacy of Texas' 800 number call-in procedure whereby concerned citizens report observed problems (e.g., apparent warning device malfunctions) at rail-highway crossings to public safety authorities.

[8] Section 159 of the Surface Transportation and Uniform Relocation Assistance Act of 1987 directs the DOT "to conduct a study of these needs (national highway-railroad crossing improvement and maintenance needs and how these crossing needs can be addressed in a cost-effective manner) and report to the Congress by April 1989, on the results and recommendations." The FRA has contracted for some expert assistance in preparing its response to the lead agency's (FHWA) calls for input.

SENATOR LAUTENBERG: Does the FRA have input into how the $160 million made available each year out of the Highway Trust Fund is spent? If so, please describe.

ANSWER: No. These funds, made available each year pursuant to the 23 U.S.C. 130 Railway-Highway Crossing Program, are apportioned directly to state highway authorities by the FHWA using a Congressionally mandated formula for distribution. (A major element in the distribution formula is the number of public rail-highway crossings in each state. The FHWA obtains this data from the FRA annually. In turn, the FRA tabulates these totals from the U.S. DOT/AAR National Rail-Highway Crossing Inventory. The FRA is custodian of this file. States and railroads maintain the file by submitting changes to the FRA.) State highway authorities select projects, set priorities and determine safety improvement needs subject to FHWA approval. The process usually involves the railroads and often includes local authorities. Rarely is the FRA involved in this process. The FRA does make available, when requested, listings (rankings) from the Inventory which are produced using the U.S. DOT Resource Allocation Procedures and the accident prediction formulas. Many jurisdictions (states) use these lists as one factor to be considered in their decision making process. Some states have their own procedures and some have the capability to produce listings using the U.S. DOT procedures.

SENATOR LAUTENBERG: Are rulemakings necessary in this area? If so, please elaborate. If not, why not?

ANSWER: No rulemakings are necessary, at least at this time. Unfortunately, this is a highly complex problem, one that cannot be effectively addressed through the issuance of regulatory mandates. FRA's current role is one of partnership and intermediary with and between the industry, the states and the Federal establishment. We have been effective in providing "good offices," leadership when needed and as an example of how an agency, an office and/or an individual can be involved and can make a difference. We see no pressing need and no benefit in changing our role at this time.

ACCIDENT RATES

SENATOR LAUTENBERG: Which Class I railroads had the highest and lowest accident rates in 1987?

ANSWER: According to our preliminary data, the Denver and Rio Grande Western Railroad had the lowest accident rate in 1987 with a total of two accidents (0.38 accidents per million train miles).

The Elgin, Joliet and Eastern Railroad had the highest accident rate in 1987 with 14.27 accidents per million train miles and a total of 22 accidents. The Delaware and Hudson had the second highest accident rate with 12.68 accidents per million train miles and a total of 20 accidents.

SENATOR LAUTENBERG: How do AMTRAK and CONRAIL compare with these railroads?

ANSWER: Based on our preliminary data, AMTRAK had the fourth lowest accident rate in 1987 with 2.48 accidents per million train miles and a total of 81 accidents. CONRAIL followed AMTRAK having the fifth lowest accident rate with a total of 130 accidents, which is 2.84 accidents per million train miles.

SENATOR LAUTENBERG: What Class II and Class III railroads have the best and worst accident rates?

ANSWER: The train accident rate for Class II railroads in 1987 was 8.30 per million train miles. Five Class II railroads did not report any train accidents in 1987. Of those that did, the Bessemer and Lake Erie had the lowest rate with 2.28 per million train miles, and the Pittsburgh and Lake Erie had the highest with 30.09 per million train miles.

Railroads designated as Class III reported 482 accidents in 1987. There are 400 railroads that make up this category. Only 92 of these sustained reportable train accidents in 1987.

The accident rate for all Class III railroads is 7.99 per million train miles. There is a considerable amount of diversity in the railroads that comprise this group. Because of this there are wide fluctuations in the accident rates for individual railroads. Moreover, since the mileage of individual carriers is small, a single accident can produce a dramatic (and often misleading) accident ratio number.

There were 29 Class III railroads that had an accident rate of 50 or more per million train miles. The Georgia Eastern Railroad Company had the highest rate with 393.18 per million train miles. These 29 railroads accounted for 145 of the 482 accidents reported for the Class III group. The lowest rate for those railroads that had accidents was .82 per million train miles for the Southeastern Pennsylvania Transportation Authority.

AUTOMATIC TRAIN CONTROL

SENATOR LAUTENBERG: The FRA recently required the installation of automatic train control on trains using the Northeast Corridor. What is the status of that effort? Will the 1990 target date be met?

ANSWER: FRA's automatic train control (ATC) orders require that all trains on the Northeast Corridor be equipped with ATC devices no later than July 1, 1990. We anticipate that all affected railroads will be able to comply with that deadline. In addition, the FRA orders require that the ATC devices be installed on a rolling basis as they are delivered. After one-third of the required installation period, a minimum of one-third of the Northeast Corridor locomotives must be equipped. Two-thirds must be equipped after two-thirds of the installation period has elapsed.

FRA has also proposed extending the ATC requirement beyond the Northeast Corridor "spine" to include four "connecting corridors (Philadelphia to Atlantic City, Philadelphia to

Harrisburg, New Haven to Springfield, and New York City to Albany). We have concluded a public hearing on the proposal and expect to issue final orders in the near future.

SENATOR LAUTENBERG: How many train movements (passenger and freight) does this order cover?

ANSWER: Using current passenger, freight and commuter railroad schedules, the orders will affect 105 freight train movements and 742 passenger and commuter train movements for a total of 847 train movements daily.

LOCAL RAIL SERVICE ASSISTANCE (SECTION 803)

SENATOR LAUTENBERG: List for the past five years, including 1988, the amount of funds available in the Section 803 Program and the amount of discretionary applications received.

ANSWER: The information follows:

FISCAL YEAR	AVAILABLE DISCRETIONARY FUNDS	TOTAL OF DISCRETIONARY APPLICATIONS RECEIVED
1983	$1,172,675	$30,913,331
1984	3,318,275	16,010,021
1985	10,450,000	27,973,751
1986	9,822,550	23,041,650
1987	7,648,042 *	17,726,828
1988	7,200,000 **	1,635,000
TOTAL	$39,611,542	$117,300,581

* A total of $4,350,000 was earmarked for 5 states.

** The full $7,200,000 is earmarked for 13 states.

SENATOR LAUTENBERG: What is the status of the Congressional earmarks on the Local Rail Service Assistance Program. (List project and amount earmarked and drawn down to date.)

ANSWER: The information follows:

STATUS OF EARMARKED PROJECTS UNDER THE LOCAL RAIL SERVICE ASSISTANCE PROGRAM

Project Description	Amount Earmarked	Amount Drawn Down
FY 1986 Carryover:		
Mississippian Railway	$ 500,000	$ 500,000
FY 1987:		
Detroit & Mackinac Railway in Michigan	800,000	A
North Adams to Pittsfield Pittsfield Line in Massachusetts	1,000,000	B

Line owned by Central Illinois Shippers Corporation	350,000	168,092
Housatonic Railroad in Connecticut	1,200,000	B
Dodge City-Ford-Bucklin Railroad in Kansas	1,000,000	C
FY 1988:		
Massachusetts Rail Rehabilitation Needs	960,000	D
Mississippi Rail Rehabilitation Needs	960,000	A
Manteno Rail Spur in Illinois	580,000	D
Binghamton Rail Structure in New York	385,000	D
Soo Line Wheat Line in North Dakota	375,000	A
Wheeling Terminal & Chapline Tunnel in West Virginia	300,000	A
Chicago, Central & Pacific Line in Iowa	865,000	D
New York, Susquehanna & Western in New Jersey	960,000	D
Keokuk Junction Railway in Illinois	580,000	D
Burlington Northern Railroad Illinois	290,000	D
CSX Line-Midland City to Greenfield in Ohio	915,000	E
Alleghany Railroad-Emporium to Erie in Pennsylvania	Priority	D
Canton to East Wye in South Dakota	Priority	D

A/Funds obligated 2/3/88; no draw downs to date.
B/Funds not yet obligated because application is incomplete.
C/Funds obligated 12/2/87; no draw downs to date.
D/Application not yet submitted.
E/Application submitted, but project not eligible until ICC makes a finding that the public convenience and necessity permit abandonment of the line.

SENATOR LAUTENBERG: What is available in Fiscal Year 1988 for this Program including carryover?

ANSWER: A total of $8,837,350 is currently available as follows:

Fiscal Year	Remaining Entitlement	Non-Earmarked Discretionary	Earmarked Discretionary
1987 Carryover	$ 496,350	$ 0	$2,200,000
1988	576,000	0	5,565,000
TOTAL	$1,072,350	$ 0	$7,765,000

SENATOR LAUTENBERG: Are there any funds available that could be made available at FRA's discretion?

ANSWER: The only funding that can be made available at FRA's discretion are entitlements not applied for within 18 months of allocation.

SENATOR LAUTENBERG: List the discretionary grant recipients in Fiscal Year 1987 and those to date in Fiscal Year 1988.

ANSWER: The information follows:

FY 1987 DISCRETIONARY GRANTS

STATE	PROJECT	AMOUNT
Alabama	Rehabilitation of Gulf & Mississippi Railroad from Holt to Brookwood	$ 322,700
Alaska	Repair of Whittier Tunnel on Alaska Railroad	338,954
California	Completion of rehabilitation of Sierra Railroad	84,840
Idaho	Continued rehabilitation of St. Maries River Railroad	150,000
Illinois	Rehabilitation of line owned by Central Illinois Shippers Association	350,000 *
Iowa	Continued rehabilitation of Chicago, Central & Pacific line from Tara to Le Mars	300,000
Mississippi	Continued rehabilitation of the Mississippian Railway between Amory and Fulton	500,000 *
Missouri	Rehabilitation of Jackson to Delta line operated by Jackson Southern Railroad	105,413

Nebraska	Continued rehabilitation of Sidney & Lowe Railroad from Huntsman to Brownson	385,000
New Jersey	Continued rehabilitation of New York, Susquehanna & Western Railway from Butler to Sparta Junction	400,000 **
New Mexico	Rehabilitation of rail acid loading facility on Phelps Dodge Industrial Railroad	113,858
New York	Construction of rail extension in Lackawanna	270,900
North Carolina	Rehabilitation of Nash County Railroad	300,000
North Dakota	Continued rehabilitation of Soo Line from Fordville to Kenmare	247,157
Oregon	Continued rehabilitation of Nevada-California-Oregon Railroad	172,370
Pennsylvania	Rehabilitation of Everett Railroad from Brooks Mills to Sproul	130,309 **
South Carolina	Continued rehabilitation of State-owned line from Port Royal to Yemassee	302,900
South Dakota	Rehabilitation of State-owned line from Canton to East Wye Switch	397,318
Tennessee	Continued rehabilitation of Nashville & Ashland City Railroad	200,000 **
Virginia	Continued rehabilitation of Eastern Shore Railroad	400,000
West Virginia	Rehabilitation of Wheeling Industrial Track and Chapline Tunnel	327,200
	TOTAL	$5,798,919

*Earmarked in FY 1987 Conference Report.
**Grant approved in FY 1987, but funds not obligated until FY 1988.

FY 1988 DISCRETIONARY GRANTS

STATE	PROJECT	AMOUNT
Kansas	Rehabilitation of Dodge City, Ford, and Bucklin Railroad	$1,000,000 *

Michigan	Rehabilitation of Detroit & Mackinac Railway and construction of a connection to a State-owned line	800,000 *
Mississippi	Continued rehabilitation of the Mississippian Railway between Amory and Fulton	460,000 **
	Continued rehabilitation of Columbus & Greenville Railway	500,000 **
North Dakota	Continued rehabilitation of Soo Line between Fordville and Loma	375,000 **
West Virginia	Rehabilitation of Wheeling Industrial Track and Chapline Tunnel	327,200 **
	TOTAL	$5,798,919

*Earmarked in FY 1987 Conference Report.
**Grant approved in FY 1987, but funds not obligated until FY 1988.

SENATOR LAUTENBERG: List states with unobligated balances of prior year's funding.

ANSWER: The information follows:

STATES WITH UNOBLIGATED ENTITLEMENTS

STATE	CARRYOVER	FY 1988	TOTAL
Arizona	$ -0-	$ 48,000	$ 48,000
Colorado	50,000	48,000	98,000
Delaware	50,000 *	-0-	50,000
District of Columbia	50,000	48,000	98,000
Illinois	-0-	48,000 *	48,000
Indiana	23,500 **	-0-	23,500
Kansas	-0-	48,000	48,000
Kentucky	97,850 *	48,000	145,850
Maine	75,000 *	48,000 *	123,000
Maryland	50,000 *	48,000 *	98,000
Michigan	-0-	48,000	48,000
Oklahoma	50,000 *	48,000	98,000

Rhode Island	50,000 *	48,000 *	98,000
South Dakota	-0-	48,000	48,000
TOTAL	$496,350	$576,000	$1,072,350

*Application has been submitted and is being processed.
**Application for $2,000 has been submitted and is being processed.

SENATOR LAUTENBERG: What is the estimate of funds becoming available in 1988 for discretionary purposes because states do not use their entitlement funds?

ANSWER: $121,500 became available on April 1, 1988, because of 3 states not applying for their full Fiscal Year 1987 entitlements within 18 months of allocation.

REDEEMABLE PREFERENCE SHARES -- SECTION 505

SENATOR LAUTENBERG: What is the status of FRA's efforts to sell the redeemable preference shares that it holds? What has been sold to date, to whom, what was the face value of those holdings?

ANSWER: FRA has realized $84 million to date through a repurchase by the Illinois Central Gulf Railroad Company (ICG) of ICG preference shares held by FRA. The face amount of the ICG shares was $152.53 million.

SENATOR LAUTENBERG: What sales do you anticipate for the rest of 1988 and in fiscal year 1989? (Include face value of instruments.)

ANSWER: For the rest of fiscal year 1988, we have an agreement in principle for another repurchase in the amount of $26 million (face value--$25 million) and are pursuing other repurchase agreements. However, since we are currently unable to fund any underwriting activity, we now expect total sales of $215 million in fiscal year 1989, including a delay of $95 million from previous estimates of fiscal year 1988 proceeds. The aggregate face value of the anticipated 1989 sales is $357 million.

SENATOR LAUTENBERG: Do you expect to sell all of the preference shares? In total, what do you expect to realize from the sales versus the face value of the paper?

ANSWER: Subject to our being able to obtain the resources to market the securities, including a continuing financial advisor and underwriter or placement agent, we intend to seek repurchase or buyers for all of the securities we hold. Realistically though, the market likely will be narrower for the smaller issues than for the securities of the larger, better known borrowers. Our estimate of total sales proceeds is $355 million versus a total face value of $585 million.

SENATOR LAUTENBERG: Has FRA employed a financial consultant to assist in the sale? Who? What role has Treasury played?

ANSWER: On the one repurchase that was concluded, we did have a financial advisor--Christopher Rooney. We consulted with Treasury extensively and obtained their clearance on the value assigned, prior to the time that we went ahead with the deal.

Currently, we are discussing with other individual issuers repurchase of their securities and are issuing a small procurement request for a financial advisor to assess the reasonableness of repurchase proposals. Also, our Fiscal Year 1989 Budget request includes language to permit the use of Obligation Guarantee Fund receipts or, as necessary, the proceeds of the loan sales for compensation to be paid to a financial advisor.

SENATOR LAUTENBERG: In the Continuing Resolution Bill language, sales of redeemable preference shares were to be credited as discretionary outlay offsets. Why aren't these sales being credited as offset to the transportation function? Where are they being credited?

ANSWER:The President's FY 1989 Budget uses preference share sale receipts as outlay offsets in both FY 1988 and FY 1989 ($205 million and $120 million, respectively). These are offsets against outlays from prior year obligations not outlays from new budget authority. The receipts are credited to the Department of Transportation in function 400.

SENATOR LAUTENBERG: How did FRA develop its estimate of receipts from preference share sales? Please elaborate.

ANSWER: The estimate represents FRA's appraisal of "net present value"--that is, discounting the remaining payments due on the loans by an interest rate reflecting the current market yield on Treasury securities of comparable maturities--with an allowance for differences in the types of securities being sold and unique financing agreement provisions, as well as the risks associated with the issuers' financial condition.

SENATOR LAUTENBERG: What is the balance in the section 505 program?

ANSWER: Currently, $17.6 million of appropriated section 505 funds remain available for obligation. All of these funds have been congressionally designated for specific projects.

SENATOR LAUTENBERG: Have requests been made for all of the earmarked funds? If not, which amounts have not been requested? Who were they earmarked for? (Provide the status report update pages 222 through 224 of last year's hearing record.)

ANSWER: Requests have not been made for all of the earmarked funds. Information on the pending section 505 applications and the designated section 505 projects for which funds have not been requested follows:

SECTION 505 DESIGNATED PROJECTS OUTSTANDING
February 29, 1988

($Millions)

Designated Recipient	Congressionally Designated Funding	Project Description	Remarks
Section 505 - Pending Applications			
Gulf and Mississippi Railroad	$ 7.656	Rehabilitation of track.	Purchase of the G&M by Mid South Corporation expected to be completed in April 1988. G&M to be known as Southrail Corporation. Southrail has indicated intent to seek $3.6 million in section 505 assistance.
Dakota, Minnesota & Eastern Railroad	5.264	Rehabilitate rail line and branches between Rapid City, South Dakota, and Winona, Minnesota.	Application for $5.264 million submitted on July 10, 1987; amended to $7.764 million on February 29, 1988. Terms and conditions of financing being negotiated.
Section 505 - Funds Not Requested			
Columbus and Greenville Railway	1.818	Rehabilitate C&G's main line in Mississippi from Stewart to Browning (44 miles).	Application for $1.87 million submitted on February 12, 1987. Application withdrawn by the C&G on April 8, 1987.
Ann Arbor Railroad	2.488	Project not defined.	No application submitted.
Pioneer Valley Railroad	.371	Project not defined.	No application submitted.
Dodge City-Ford-Bucklin Railroad	-	Rehabilitate 27-mile former Southern Pacific branch line in Ford County, Kansas.	No application submitted.

SENATOR LAUTENBERG: What additional requests for "505" funds has FRA received? Will the agency be able to meet these applications?

ANSWER: FRA has received many inquiries but has no discretionary funds.

SENATOR LAUTENBERG: What is the status of the "505" authorization?

ANSWER: September 30, 1988, is the statutory termination date for obligating section 505 loan assistance.

SENATOR LAUTENBERG: Do all unobligated funds need to be obligated by the end of fiscal year 1988, i.e., do they lapse at the expiration of the authorization?

ANSWER: Yes, any section 505 funds that are not obligated by September 30, 1988, will lapse.

SENATOR LAUTENBERG: For how long will the unobligated funds remain available?

ANSWER: The unobligated section 505 funds will remain available up through September 30, 1988.

SECTION 511 LOAN GUARANTEES

SENATOR LAUTENBERG: What is the balance in the loan guarantee program?

ANSWER: The section 511 loan guarantee authorization provides that the aggregate unpaid principal amounts of obligations which may be guaranteed shall not exceed $1 billion at any one time. There is no statutory expiration date. To date, $600 million-- available without time limitation--has been approved for commitments to guarantee loans under section 511. However, the guarantees are subject to annual ceilings enacted through the appropriations process. In fiscal year 1988, new loan guarantees are prohibited by the appropriations statute. The total principal outstanding of loans guaranteed under section 511 was $53.5 million as of February 29, 1988.

SENATOR LAUTENBERG: List outstanding loans and the holders of those loans.

ANSWER: The outstanding loans as of February 29, 1988, are:

($ millions)	
$24.9	Chicago and North Western Transportation Company
2.5	Delta Transporation Company (Columbus & Greenville Railway)
26.1	Missouri-Kansas-Texas Railroad Company
$53.5	

The Federal Financing Bank is the holder of all the outstanding loans.

SENATOR LAUTENBERG: What has been the default rate experience in the program?

ANSWER: On the basis of payments not being met when due and the timely satisfaction thereof by FRA under the terms of the guarantees, the default rate on outstanding principal values is 12.5 percent. Taking into account subsequent recoveries of amounts defaulted, the default rate is 6.6 percent. Further excluding defaulted principal amounts that were secured, but subsequently converted to contingency obligations by legislation, the default rate is 3.1 percent.

Guarantees under section 511 have been provided for loans by the Federal Financing Bank (FFB) to the Chicago, Milwaukee, St. Paul and Pacific Railroad Company ($97.1 million); Chicago and North Western Transportation Company ($66.2 million); Missouri-Kansas-Texas Railroad Company ($50.8 million); Delta Transportation Company (Columbus and Greenville Railway) ($2.5 million); Chicago, Rock Island and Pacific Railroad Company (Rock Island) ($22.9 million); and Delaware and Hudson Railway Company (D&H) ($8.8 million). The Rock Island and the D&H failed to make payments due the FFB, which resulted in the satisfaction by FRA of the total amounts, including interest, owed the FFB by the Rock Island ($24.8 million) and the D&H ($9.6 million) and the assignment of the notes of those carriers to FRA. Subsequently, the Department of Justice and the Trustee of the Rock Island reached an agreement, which was approved by the Reorganization Court, whereby the United States settled the section 511 and all other outstanding financing and safety claims of FRA and FFB against the Rock Island estate. The D&H section 511 and other debt has been converted to Contingency Notes. Under section 1164(c) of the Northeast Rail Service Act of 1981 and the Limitation Agreement executed with D&H as of December 31, 1983, the Government's claim is now limited to one that attaches only in the event of a bankruptcy, liquidation or sale of the D&H.

TANK CARS

SENATOR LAUTENBERG: What is the status of the tank car specifications research being conducted by the Association of American Railroads (AAR)?

ANSWER: The Association of American Railroads in conjunction with the Railway Progress Institute (RPI) are now entering the prototype testing state on new tank car steels (three different grades). The new steels are designed to remain ductile in the railroad operating environment.

The AAR has kept a close liaison with the National Bureau of Standards and the Federal Railroad Administration (FRA) on the testing procedures and results on the new steels.

The AAR Tank Car Committee has approved a requirement that effective January 1, 1989, new construction of pressure tank cars must be fabricated from normalized fine grain steels. AAR will petition DOT for a rule change to the hazardous materials regulations to restrict new construction to normalized fine grain steels for pressure tank cars.

A study (Tank Car Committee Docket T200.16-82) was commissioned by the AAR to determine acceptable corrosion limits and shell thickness minimums for tank cars in order to clarify requirements and/or reconcile differences in interpretation of existing DOT hazardous materials regulations. The results of this study were furnished to DOT along with the AAR's preliminary comments on DOT Dockets HM-201 and HM-201B (comment period closes May 13, 1988).

A previously commissioned industry-wide effort (Tank Car Committee Docket T50-14-84) to inspect and tighten excess flow check valves on tank cars was intensified and has now culminated with a requirement (soon to be published by DOT) that all excess flow valves having threaded seats that are capable of becoming disengaged, be periodically examined for tightness. This will be required whenever the tank car is due a safety valve retest (every 1-10 years depending on car classification).

The AAR has completed a study (Tank Car Committee Docket T95.15-86) on corrosion problems on foam-insulated tank cars. Their study concluded that cars equipped with foam insulation should be required to have a protective coating applied to the tanks and jackets of foam-insulated tank cars. AAR will petition the DOT for a rule change to the hazardous materials regulations requiring a protective coating on tank and jackets of tank cars having foam-insulation.

The AAR has a permanent working group (accident review) which reports to the AAR Tank Car Committee. This working group, which includes the RPI, is responsible for the continuous review of tank car performance in an accident environment, both during transportation and loading and unloading operation. Data is collected from tank car repair facilities, DOT incident reports (5800.1), FRA accident data, Bureau of Explosives reports and Exhibit R-1 reports (tank car repair notices). This data along with the AAR's Universal Machine Language Equipment Register (UMLER) file and the 1 percent waybill data are being combined to form a basis upon which to evaluate the effectiveness of tank car safety improvements.

The AAR and RPI maintains a close liaison with FRA via an Ad hoc working group on FRA's R&D research projects such as:

Head puncture test on chlorine and LPG tank cars.
Aluminum car head puncture tests.
Study by Battelle, finite element program covering stub-sill tank cars.
Testing of safety vent systems.
Impact testing on steel and aluminum tank car heads at different temperatures (20°F and + 32°F).

SENATOR LAUTENBERG: The FRA has delegated authority to the AAR regarding tank car construction. Where does this delegation authority come from?

ANSWER: Strictly speaking, the question contains an erroneous premise. The Department of Transportation's power under the Hazardous Materials Transportation Act to "issue regulations for the safe transportation in commerce of hazardous materials" (49 U.S.C. 1804) rests with DOT's Research and Special Programs Administration (RSPA), not with the Federal Railroad Administration. The authority to enforce those regulations against railroads and rail shippers has been delegated to FRA. In addition, FRA provides rail expertise to RSPA in formulating the hazardous materials transportation safety regulatory program. 49 C.F.R. 1.53(b)(1).

The railroad organizations which joined to form the Association of American Railroads in 1934 had been engaged in setting standards for tank car construction, use, and testing well before any involvement of the Federal Government. The first recommended practices of the Master Car Builders Association appeared in 1903 and they were advanced to industry standards in 1910 when they were accepted by the tank car builders.

It was not until 1927 that the first Interstate Commerce Commission (ICC) tank car standards were adopted as a result of collaboration between the ICC and the American Railroad Association Committee on Tank Cars. The Commission relied heavily on the railroad industry for its whole hazardous materials safety program and in doing so was sanctioned by the Explosives and Other Dangerous Articles Act which said, "[i]n the execution of (this Act), the Commission may utilize the services of carrier and shipper associations . . . ." 18 U.S.C. 834(e).

When the Department of Transportation was formed in 1966, its formative legislation transferred ICC functions, powers and duties (including that just quoted) to the Secretary of Transportation. When the Hazardous Materials Transportation Act was enacted in 1974, Congress did not repeal 18 U.S.C. 834(e). (The older statute, 18 U.S.C. 831-835, was repealed in 1979 for reasons that had nothing to do with the reference in section 834(e) to using the services of private sector organizations. See Cong. Rec., November 14, 1979, p. 32336.) Under the 1974 Act, RSPA reissued the Hazardous Materials Regulations, leaving intact the delegation to the AAR Tank Car Committee. See 49 C.F.R. 179.3. That delegation authorizes the Tank Car Committee to approve applications for approval of designs, materials, and construction, alteration, or repair of tank cars only when "such tanks or equipment therefor are in compliance with effective regulations and specifications of the Department." The Department's tank car specifications, which occupy 75 pages of the Code of Federal Regulations (Part 179), are the standards to which tank cars must be built. Within those standards, the Tank Car Committee is given some narrowly circumscribed authority, with respect to certain specific parts of particular types of tank cars, to approve designs or materials other than those enumerated in the specifications.

SENATOR LAUTENBERG: Is there any other situation where FRA has delegated authority to a private organization for standard setting? If so, when and for what purpose?

ANSWER: The question contains the erroneous assumption ("any other situation") that DOT has delegated authority to the AAR Tank Car Committee to set standards for tank car construction. As explained above, the standards--all 75 pages worth--are set by DOT. On certain small issues within the standard for a particular type of tank car, the standards do provide the Tank Car committee some flexibility to approve designs or materials in addition to those specified. FRA has delegated no authority to set standards to the AAR or to any other private organization. Of course, Congress itself mandated in 1958 that FRA's predecessor adopt AAR's standards on power brakes and gave the agency the authority to amend those standards.

SENATOR LAUTENBERG: Has FRA started to test or will it be doing any testing before issuing a rule on tank car specifications?

ANSWER: Under the Hazardous Materials Regulations, changes to tank car specifications are promulgated as the product of an administrative rulemaking proceeding. 49 CFR 179.4. "When proposing a new specification, the applicant shall furnish information to justify a new specification. This data should include the properties of the lading and the method of loading and unloading." 49 CFR 179.4(a). If the information thus furnished is insufficient, the Secretary has ample power under the Hazardous Materials Transportation Act to conduct research to obtain it.

While FRA is presently engaged in research activities, the results of which may have an impact on tank car specifications, there is no rulemaking now pending that would result in the creation of a new tank car specification.

Two rulemaking proceedings related to existing tank car specifications are pending. In HM-201, FRA and RSPA are seeking information about the detection and repair of shell cracks, pits, corrosion, lining flaws, thermal protection flaws, and other defects. A preliminary technical assessment was made by the Department's Transportation Systems Center (TSC). More data is expected in the responses to this Advance Notice of Proposed Rulemaking, but it is too early to predict whether or not more research will be necessary. In HM-201B, the Department is acting on appropriate results of the TSC technical assessment and proposing a rule effectively amending the tank car specifications by allowing the continued use of cars with small area, repair-caused, shell thin spots. Like HM-201, the time for public comment has not closed in this proceeding, and the nature and extent of any additional technical work cannot yet be predicted.

SENATOR LAUTENBURG: Does FRA have a Tank Car Specialist on payroll to oversee the AAR Tank Car Committee Work? If not, why not?

ANSWER: FRA has not designated one of its positions for a tank car specialist per se. However, FRA has several engineers (chemical and civil on the hazardous materials staff and a mechanical engineer in R&D) who work in this area and who have the training and expertise required of a tank car specialist. In addition, the staff at the Department of Transportation's Transportation System Center, Cambridge, Massachusetts, assists our hazardous materials staff on tank car issues such as the study completed on tank cars having localized thin spots and reinforcement bar applications to a specific class of tank cars.

The TSC staff is comprised of engineers holding degrees in structural, mechanical, metallurgy and fracture mechanics. The TSC staff has used task force members, outside of TSC, holding Ph.D.'s in the same engineering classifications listed above.

SENATOR LAUTENBERG: How much of the research and development work goes for tank car and tank car related work? What are the costs of the in-house and contracted work? Who holds the contracts, what is the scope of the work and the amount for each contracted study?

ANSWER: Since Fiscal Year 1985, between 7 and 11 percent of the total research and development budget has been spent for tank car and tank car related work. Work currently being performed for tank car research totals $4,344,196 for Fiscal Year 1988 and prior years. In Fiscal Year 1989, $750,000 is programmed for tank car and tank car related research out of a total R&D budget request of $9,297,000 or about 8 percent. In-house support is 0.8 man years per year for project and contract management. There is no other expenditure on in-house research other than personnel costs. Following is a breakdown of the ongoing tank car research by contractor, scope, and amount:

Contractor: Association of American Railroads, Transportation Test Center

Tank Car Puncture Resistance of chlorine tank cars and aluminum tank cars, and effects of cold temperature on tank car puncture resistance. Conduct tests of scale model, full scale and actual tank cars to determine the puncture threshold of the tank car heads. Cost: $1,711,052.

Hazardous Materials Transportation Research includes testing of cracking problems with stub sill tank cars, testing of tank car frangible discs, analysis of a device for detecting hazardous materials releases, fire testing of a tank car transponder and evaluation of techniques for the safe release of hazardous materials involved in a tank car accident. Cost: $750,000.

Contractor: Transportation Systems Center (intra-agency agreement)

Tank Car Technical Support includes engineering support for the tank car puncture tests, frangible disc tests, analysis of tank car accident statistics and engineering support for the tank car residual stress program. Cost: $840,000 (includes $75,000 in Fiscal Year 1989).

Contractor: Battelle Columbus Laboratory

Analysis of Stub-Sill Tank Cars involves a review of the design of such cars and the problem of cracks developing in the weld area. Cost: $129,351.

Hazardous Materials Car Placement is a study to identify the best placement for hazardous materials cars in a train's makeup based on the commodities involved and on train dynamics. Cost: $165,000.

Contractor: Technology and Management Systems, Inc.

Hazardous Materials Product Identification is a project to develop a tank car transponder device for identifying a tank car and its contents if the car is involved in an accident. This project is being conducted under the Small Business Innovation Research Program. Cost: $297,176.

Contractor: Oregon Graduate Center (financial assistance grant)

The Materials Engineering Study is a project to evaluate the welds for attachments to tank cars including the effect of residual stress. Cost: $230,000.

Contractor: National Bureau of Standards (interagency agreement)

A New Tank Car Steels Evaluation project will involve metallurgical and fracture mechanics tests of proposed new steels for tank car design and a comparison with currently used steels to ensure that the crack arrest properties are adequate. Cost: $200,000 (includes $100,000 in Fiscal Year 1989).

A Tank Car Structural Integrity project includes metallurgical analysis of tank car fabrication materials taken from failed tank cars and a study of critical flaw sizes found in tank car materials. Cost: $99,000.

Contractor: Advanced Technology and Research, Inc.

Stress Relief for Attachments Welded to Tank Cars is a test project to evaluate the effectiveness of different procedures used for relieving the stress developed from welding attachments to a tank car. Cost: $97,617.

The following research programs are planned to start in Fiscal Year 1989:

New Tank Car Steels Tests will involve puncture testing of tank car heads made of the proposed new steel materials. Cost: $200,000.

Tank Car Design Improvements will evaluate changes and new developments in frangible discs, vents, head shield materials and attachment welding. Cost: $375,000.

SENATOR LAUTENBERG: What is the status of the tank car head shield rule?

ANSWER: The rule has been part of the Hazardous Materials Regulations for several years. See, for example, 49 CFR 179.105-1 and 179.105-5.

SENATOR LAUTENBERG: The recent tank car accident in Ohio resulted in a number of NTSB recommendations. List those specific to tank cars and the FRA's response.

ANSWER: The following NTSB recommendations were made pertaining to the Miamisburg, Ohio, derailment directed at tank car improvements:

R-87-046. Establish a procedure for evaluating throughout the life of the tank cars, the performance of all General American Transportation Corporation tank cars modified to remove the anti-shift bracket welded directly to the tank to facilitate the early detection of any failures that may be associated with the tank shell thickness having been reduced by the modification process.

R-87-047. Define explicitly those authorities concerning tank car safety delegated to the Association of American Railroads and establish procedures governing the implementation of these delegated authorities.

R-87-048. Require the Association of American Railroads to report on all actions taken under authorities delegated for tank car safety.

R-87-049. Develop and implement a program for effectively reviewing and evaluating all actions taken by the Association of American Railroads, tank car repair facilities and tank car manufacturers under the authorities delegated to them to determine that all actions comply with Federal requirements for tank car design, construction, modification, operation and repair.

R-87-050. Evaluate annually the Association of American Railroads tank car specifications to determine that the instruction and guidance provided on tank car design and construction are consistent with Federal requirements.

R-87-051. Coordinate a formal arrangement with the Canadian Transport Commission for routinely exchanging information on the performance of tank cars, for meeting to discuss common safety concerns related to the design, manufacture, retrofit, and use of tank cars, and for establishing controls for and the oversight of the delegated authorities for tank car safety.

On March 15, 1988, FRA provided the NTSB with an interim response to recommendations R-87-047, R-87-048, R-87-049 and R-87-050.

Each of these recommendations deals with the functioning of the AAR Tank Car Committee and the nature of the Department of Transportation's delegation of authority to that Committee. FRA had begun an assessment of the Committee's functions and operations several months before these recommendations were received. Field work on the assessment is complete and it is now in the report drafting stage. Our assessment was prompted by the same general concerns that prompted the Board's recommendations and the issues raised by the Board will be covered within the scope of the report. As a consequence, it is our intention to respond to these recommendations in the context of that report. We will provide the Committee a copy when it is complete.

We have responded to the other two recommendations (R-87-046 and R-87-051); copies of those responses are attached.

APR 4 1988

The Honorable James Burnett, Jr.
Chairman, National Transportation
Safety Board
800 Independence Ave., S.W.
Washington, D.C. 20594

Dear Mr. Chairman:

This is in further reference to National Transportation Safety Board Recommendation R-87-46, recommending that the Federal Railroad Administration:

> Establish a procedure for evaluating throughout the life of the tank cars, the performance of all General American Transportation Corporation tank cars modified to remove the anti-shift bracket welded directly to the tank to facilitate the early detection of any failures that may be associated with the tank shell thickness having been reduced by the modification process.

We are in general agreement with the recommendation, although we see it as a subset of a broader issue. There is a general need to develop effective periodic inspection techniques for pitting, lining flaws, and similar conditions (including cracking associated with tank car repairs). And those techniques should be applied to the universe of tank cars, not simply the cars involved in the GATX retrofit.

Prior to the Board's recommendations, FRA initiated a series of research activities crafted to address these issues, as well as the so-called "thin lining" issue which arose following the GATX repairs. On August 29, 1985, the FRA contracted with the Department of Transportation Systems Center (TSC) to consider three elements of risk associated with undetected fatigue crack growth following tank car repairs. In addition, the task force was asked to evaluate whether locally reduced tank car shell thicknesses, either by grinding or by the presence of a crack, would correspondingly reduce the burst pressure and safety margin of a tank car.

Based on the analyses and conclusions of TSC's report, the FRA promulgated an Advanced Notice of Proposed Rulemaking (HM-201) on December 8, 1987, (52 FR 46510), soliciting comments on periodic inspection techniques for the detection of pits, corrosion, lining flaws, and other defects, including cracks associated with tank car repairs.

In addition, we issued a Notice of Proposed Rulemaking (NPRM) (HM-201B) proposing two safety standards. First, the standards would permit the use of railroad tank car tanks with shell thicknesses in localized areas less than the minimum specified in the Hazardous Materials Regulations. Second, the standards would require the measurement of tank car tank shell thicknesses under certain conditions. The Research and Special Programs Administration (RSPA) extended the comment period to May 13, 1988, (53 FR 4862, February 18, 1988) after receiving petitions requesting such an extension. We anticipate that these comments will provide nondestructive inspection techniques that will supplement current periodic hydrostatic retest requirements and, in essence, provide throughout the life of all tank cars the early detection of any failures.

The RSPA and FRA staffs are currently reviewing comments received and anticipate publication of an NPRM, following the closing of the comment period. HM-201B goes beyond the scope of NTSB Recommendation 87-46 to include measures to detect defects in all tank cars, while specifically addressing the concerns of the Board relative to detection of failures of modified GATX tank cars. Having taken these appropriate steps, FRA requests that Safety Recommendation R-87-46 be placed in an "Open-Acceptable Action" status.

If I can be of further assistance, please contact me.

Yours very truly,

John H. Riley

John H. Riley
Administrator

APR 20 1988

The Honorable James Burnett, Jr.
Chairman
National Transportation Safety Board
800 Independence Ave., S.W.
Washington, D.C. 20594

Dear Mr. Chairman:

This is in response to the National Transportation Safety Board's recommendation R-87-51.

That recommendation reads as follows:

> Coordinate a formal agreement with the Canadian Transportation Commission for routinely exchanging information on the performance of tank cars, for meeting to discuss common safety concerns related to the design, manufacture, retrofit, and use of tank cars, and for establishing controls for the oversight of the delegated authorities for tank car safety.

FRA is in full agreement with the Board's views on the importance of maintaining an ongoing exchange of information with our Canadian counterparts, not only on tank car issues, but on all safety issues. To be effective, that cooperation must encompass not only the CTC (now the National Transportation Agency (NTA)) but our counterparts in the Ministry of Transportation, which continues to play an independent role in Canada's safety policy making.

For precisely the reasons that motivated this recommendation, then-Deputy Transportation Secretary Jim Burnley and his Canadian counterpart, Ramsey Withers, met in Toronto in the summer of 1983 to define structures for communication, cooperative research ventures, and ongoing data exchange between the two countries. What resulted was a system of communications that has served both parties well over the past four-and-a-half years. In some cases the system is formal, governed by a Memorandum of Understanding (MOU); in others it is intentionally informal, typified by the kinds of daily contacts that arise between agencies with a history of common dealing. It is, in short, the product of years of practical experience in dealing jointly with issues that cross our common border, and it has worked to our common satisfaction. The principle elements of that relationship are as follows:

1. Formal agreement: since 1970, relationships between the United States Department of Transportation and Transport Canada have been governed by a formal MOU. In relevant part, that MOU commits both nations to a program of cooperative research on transportation safety issues. On May 29, 1986, the agreement was amended to initiate a joint research project on freight car safety technology, with specific emphasis on tank car design and hazardous material transportation. An ongoing exchange of data developed in accident investigations is an inherent part of that effort.

2. US Canada Parliamentary Exchange: agency heads within the Department of Transportation meet annually with their Canadian counterparts to review safety initiatives, discuss data developed in accident investigations, and review and refine structures for ongoing data exchange between our agencies. The meeting normally lasts two to three days, alternating between an American and a Canadian site. The fifth annual meeting is scheduled for June 1988 in Ottawa, Canada.

3. AAR/TCC Activity: At FRA's insistence, the Association of American Railroads Tank Car Committee has invited representatives of the NTA to participate in the annual AAR/TCC meeting to discuss regulatory issues, accident investigation data, and exchange data research being conducted by the parties. The next meeting of the AAR/TCC is scheduled for September 1988 in Chicago, Illinois.

4. Informal Contacts: FRA Office of Safety staff are in contact with NTA staff three to four times each week to exchange data on enforcement activities and accident investigations. This contact is separate and distinct from the ongoing contact between RSPA and NTA officials on joint hazardous material regulations.

This network of ongoing contacts was created to address, on the broad range of safety issues, the precise objectives that underlie recommendation R-87-51. It has worked to the satisfaction of both countries, and will continue to be refined as necessary at the annual US-Canada Parliamentary Exchange. Since the issues raised in this recommendation have been addressed, we believe that safety recommendation R-87-51 should be placed in "closed-acceptable action" status.

Yours very truly,

John H. Riley
Administrator

SENATOR LAUTENBERG: A recent Washington Post article reported that tank cars used by the Department of Defense's Military Traffic Management Command hadn't been inspected in years and maintenance was also neglected. Is this accurate?

ANSWER: As required by the Department of Transportation Hazardous Materials Regulations, cars owned by the Department of Defense are inspected when they enter the railroad system (e.g., when they are loaded and tendered by a shipper for movement) and, typically, at several other points during a trip. When DOD cars carry hazardous materials, the shipper is required by the Hazardous Materials Regulations to certify that the cars are in proper condition for the trip.

FRA understands that the DOD had failed to maintain its car fleet in strict compliance with its own internal preventive maintenance guidelines; those guidelines, however, are not to be confused with the standards imposed by DOT regulations. Because of concerns about the DODX fleet, FRA recently reviewed its inspection records for a five year period. The results of that review are discussed in response to the next question.

SENATOR LAUTENBERG: What has FRA done to remedy this situation?

ANSWER: On March 2, 1988, FRA met with the Department of Defense's Military Traffic Management Command (MTMC) to discuss inspections performed by this agency's field force of Motive Power and Equipment and Hazardous Materials inspectors over the five-year period, 1983 through 1987.

FRA data revealed that, over the five-year period, FRA inspectors had noted the following deficiencies in cars in the DODX fleet:

- 85 cars with safety appliance exceptions,
- 400 cars with mechanical exceptions,
- 247 cars with power brake exceptions,
- 368 cars with placarding and stenciling errors,
- 21 documentation exceptions for shipping paper errors,
- 8 safety valves overdue for retest, and
- 338 improperly closed tank cars.

The majority of the cars inspected were tank cars. In most instances, the exceptions noted were for conditions that were not in conformance with technical specifications due to wear and use in transportation. However, the majority of the mechanical defects found pertained to plain bearings discovered pitted or with their journal boxes either without free oil or contaminated by water, sand or dirt.

MTMC was advised that FRA will continue to monitor DODX cars on carrier property and at chemical shipping points to assure that they comply with the Hazardous Materials Regulations and with the FRA freight car and safety appliance standards.

MTMC told FRA that tank cars in nitrogen tetroxide service had been reduced from 14 to 5. Three of these cars are already equipped with roller bearings and the other two will be converted before they are used to move nitrogen tetroxide again.

In addition, FRA provided MTMC with a full computer print of the exceptions taken by this agency's inspectors on DODX cars for the 1983-1987 period. That print is being used by MTMC to evaluate the condition of its fleet and to focus maintenance activities. FRA will also keep MTMC informed of the results of future inspections.

SENATOR LAUTENBERG: Can FRA intervene if it were true that DOD was using antiquated, unsafe tank cars to transport its chemicals? If not, why not?

ANSWER: FRA has full power to intervene against any shipper or carrier using antiquated, unsafe equipment. The Hazardous Materials Transportation Act (HMTA) gives the Secretary of Transportation power to issue regulations "for the safe transportation in commerce of hazardous materials. . . . Such regulations may govern any safety aspect of the transportation of hazardous materials . . . ." 49 USC 1804. The regulations themselves present a comprehensive scheme for the safe movement of dangerous goods and they include specifications for tank cars as well as requirements for their inspection and retesting. If the HMTA and its implementing regulations are insufficient, the Federal Railroad Safety Act grants the Secretary the power to issue emergency orders ". . . imposing such restrictions or prohibitions as may be necessary . . . ." 45 USC 432.

CONRAIL

SENATOR LAUTENBERG: Under the Conrail sale provisions, does FRA have any remaining responsibilities? If so, what are they?

ANSWER: FRA's remaining tasks related to Conrail, excepting safety regulation, of course, concern enforcing the sale covenants during the five-year period following the sale.

In order to pay dividends, Conrail must comply with covenants requiring certain amounts of capital spending each year, the maintenance of $400 million in cash or cash equivalents, and meeting a cumulative net income test. Within five days after declaring a dividend, Conrail is required to submit a compliance certificate to the Department evidencing compliance with the covenants and signed by a corporate officer. Conrail also submits such certificates quarterly.

For five years after the sale, Conrail is also required to continue its affirmative action and minority vendor programs, offer abandoned lines at 75 percent of net liquidation value to purchasers who will provide connecting rail service, refrain from sale of all or a substantial part of its assets or business, and maintain its properties in good condition and refrain from deferring maintenance.

For three years after the sale, no one may own more than 10 percent of Conrail's voting securities. The voting rights of any other railroad that owns Conrail stock are also restricted for three years after the sale, unless the other railroad has filed an application with the ICC to merge or consolidate with Conrail. More stringent restrictions on railroad ownership and voting rights applied during the first year after the sale.

The Department is authorized to bring actions in the Special Court to enforce the covenants.

SENATOR LAUTENBERG: For the record, please provide the gross amount received for Conrail plus list all sale-related costs. List to whom paid and the amount paid.

ANSWER: The Department received a total of $1,945,000,000 in gross revenues from the sale of Conrail. Conrail paid the Department $300 million in cash as required by the Secretary under authority of the Conrail Privatization Act of 1987. The public offering of the Conrail common stock yielded $1,645,000,000 of which the Department received $1,575,087,500 from the underwriters after they had deducted their fees. The Department paid its attorneys (Skadden, Arps, Slate, Meagher & Flom) $423,967 and the underwriters' fees are set out in the following table:

CONSOLIDATED RAIL CORPORATION
ANALYSIS OF INCOME

UNDERWRITERS	MANAGEMENT FEE INCOME	SELLING CONCESSION INCOME	NET* UNDERWRITING INCOME	TOTAL INCOME	SHARES UNDERWRITTEN	SHARES SOLD	% OF U/W SOLD
Goldman, Sachs & Co.	1,872,000.00	4,316,108.07	396,680.00	6,584,788.07	3,966,800	6,165,869	155.44%
The First Boston Corporation	1,872,000.00	4,316,108.07	396,680.00	6,584,788.07	3,966,800	6,165,869	155.44%
Merrill Lynch Capital Markets	1,872,000.00	4,316,108.07	396,680.00	6,584,788.07	3,966,800	6,165,869	155.44%
Morgan Stanley & Co. Incorporated	1,872,000.00	4,316,108.07	396,680.00	6,584,788.07	3,966,800	6,165,869	155.44%
Salomon Brothers Inc	1,872,000.00	4,316,108.07	396,680.00	6,584,788.07	3,966,800	6,165,869	155.44%
Shearson Lehman Brothers Inc.	1,872,000.00	4,316,108.07	396,680.00	6,584,788.07	3,966,800	6,165,869	155.44%
Alex. Brown & Sons Incorporated		170,747.50	82,500.00	253,247.50	825,000	243,925	29.57%
Dillon, Read & Co. Inc.		151,200.00	82,500.00	233,700.00	825,000	216,000	26.18%
Donaldson, Lufkin & Jenrette Securities		117,355.00	82,500.00	199,855.00	825,000	167,650	20.32%
Drexel Burnham Lambert Incorporated		135,940.00	82,500.00	218,440.00	825,000	194,200	23.54%
Hambrecht & Quist Incorporated		116,550.00	82,500.00	199,050.00	825,000	166,500	20.18%
E.F. Hutton & Company Inc.		192,619.00	82,500.00	275,119.00	825,000	275,170	33.35%
Kidder, Peabody & Co. Incorporated		212,520.00	82,500.00	295,020.00	825,000	303,600	36.80%
Lazard Freres & Co.		395,500.00	82,500.00	478,000.00	825,000	565,000	68.48%
Montgomery Securities		115,500.00	82,500.00	198,000.00	825,000	165,000	20.00%
Prudential-Bache Securities Inc.		133,199.50	82,500.00	215,699.50	825,000	190,285	23.06%
Robertson, Colman & Stephens		144,550.00	82,500.00	227,050.00	825,000	206,500	25.03%
L.F. Rothchild, Unterberg, Towbin, Inc.		123,690.00	82,500.00	206,190.00	825,000	176,700	21.42%
Smith Barney, Harris Upham & Co. Inc.		149,800.00	82,500.00	232,300.00	825,000	214,000	25.94%
Wertheim Schroder & Co. Incorporated		253,260.00	82,500.00	335,760.00	825,000	361,800	43.85%
Dean Witter Reynolds Inc.		288,149.40	82,500.00	370,649.40	825,000	411,642	49.90%
William Blair & Company		130,760.00	32,550.00	163,310.00	325,500	186,800	57.39%
J.C. Bradford & Company		74,340.00	32,550.00	106,890.00	325,500	106,200	32.63%
Dain Bosworth Incorporated		98,000.00	32,550.00	130,550.00	329,500	140,000	43.01%
A.G. Edwards & Sons, Inc.		163,800.00	32,550.00	196,350.00	325,500	234,000	71.89%
McDonald & Company Securities, Inc.		135,940.00	32,550.00	168,490.00	325,500	194,200	59.66%
Oppenheimer & Co. Inc.		99,960.00	32,550.00	132,510.00	325,500	142,800	43.87%
Piper, Jaffray & Hopwood Incorporated		137,900.00	32,550.00	170,450.00	325,500	197,000	60.52%
Prescott, Ball & Turben, Inc.		152,950.00	32,550.00	185,500.00	325,500	218,500	67.13%
Thomson McKinnon Securities Inc.		104,860.00	32,550.00	137,410.00	325,500	149,800	46.02%
Wheat, First Securities, Inc.		146,230.00	32,550.00	178,780.00	325,500	208,900	64.18%
**AIBC Investment Services, Inc.	208,000.00	186,584.30	1,020.00	395,604.30	10,200	266,549	2613.23%
**Doley Securities Inc.	208,000.00	209,334.30	2,000.00	419,334.30	20,000	299,049	1495.25%
**Daniels & Bell, Inc.	208,000.00	290,584.00	26,000.00	524,584.00	260,000	415,120	159.66%
**W R Lazard Securities Corporation	208,000.00	234,184.30	10,000.00	452,184.30	100,000	334,549	334.55%
**Pryor, Govan, Counts & Co. Incorporated	208,000.00	315,628.60	5,000.00	528,628.60	50,000	450,898	901.80%
**Muriel Siebert & Co., Inc.	208,000.00	222,633.60	26,000.00	456,633.60	260,000	318,048	122.33%

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* UNDERWRITING INCOME NET OF EXPENSES IS ESTIMATED TO BE $0.10 PER SHARE

** MINORITY FIRM

UNDERWRITERS	MANAGEMENT FEE INCOME	SELLING CONCESSION INCOME	NET UNDERWRITING INCOME	TOTAL INCOME	SHARES UNDERWRITTEN	SHARES SOLD	% OF U/W SOLD
Advest, Inc.		110,250.00	22,500.00	132,750.00	225,000	157,500	70.00%
American Securities Corporation		25,900.00	22,500.00	48,400.00	225,000	37,000	16.44%
Arnhold And S. Bleichroeder, Inc.		39,900.00	22,500.00	62,400.00	225,000	57,000	25.33%
Robert W. Baird & Co. Incorporated		67,900.00	22,500.00	90,400.00	225,000	97,000	43.11%
Bateman Eichler, Hill Richards Inc.		40,950.00	22,500.00	63,450.00	225,000	58,500	26.00%
Sanford C. Bernstein & Co. Inc.		84,210.00	22,500.00	106,710.00	225,000	120,300	53.47%
Blunt Ellis & Loewi Incorporated		63,000.00	22,500.00	85,500.00	225,000	90,000	40.00%
Boettcher & Company, Inc.		56,350.00	22,500.00	78,850.00	225,000	80,500	35.78%
Burns Fry And Timmins Inc.		11,900.00	22,500.00	34,400.00	225,000	17,000	7.56%
Butcher & Singer Inc.		96,600.00	22,500.00	119,100.00	225,000	138,000	61.33%
Cowen & Co.		84,980.00	22,500.00	107,480.00	225,000	121,400	53.96%
Dominion Securities Corporation		55,825.00	22,500.00	78,325.00	225,000	79,750	35.44%
Eberstadt Fleming Inc.		43,050.00	22,500.00	65,550.00	225,000	61,500	27.33%
Eppler, Guerin & Turner, Inc.		28,000.00	22,500.00	50,500.00	225,000	40,000	17.78%
First of Michigan Corporation		36,680.00	22,500.00	59,180.00	225,000	52,400	23.29%
First Southwest Company		20,650.00	22,500.00	43,150.00	225,000	29,500	13.11%
Furman Selz Mager Dietz & Birney Inc.		66,360.00	22,500.00	88,860.00	225,000	94,800	42.13%
Gruntal & Co., Incorporated		78,750.00	22,500.00	101,250.00	225,000	112,500	50.00%
Howard, Weil, Labouisse, Friedrichs Inc.		96,600.00	22,500.00	119,100.00	225,000	138,000	61.33%
Interstate Securities Corporation		94,360.00	22,500.00	116,860.00	225,000	134,800	59.91%
Janney Montgomery Scott Inc.		86,800.00	22,500.00	109,300.00	225,000	124,000	55.11%
Johnson, Lane Space, Smith & Co., Inc.		64,750.00	22,500.00	87,250.00	225,000	92,500	41.11%
Johnston, Lemon & Co. Incorporated		68,250.00	22,500.00	90,750.00	225,000	97,500	43.33%
Josephthal & Co. Inc.		61,460.00	22,500.00	83,960.00	225,000	87,800	39.02%
Ladenburg, Thalmann & Co. Inc.		56,875.00	22,500.00	79,375.00	225,000	81,250	36.11%
Cyrus J. Lawrence Incorporated		79,450.00	22,500.00	101,950.00	225,000	113,500	50.44%
Legg Mason Wood Walker Incorporated		171,850.00	22,500.00	194,350.00	225,000	245,500	109.11%
Morgan, Keegan & Company, Incorporated		57,487.50	22,500.00	79,987.50	225,000	82,125	36.50%
Moseley Securities Corporation		67,200.00	22,500.00	89,700.00	225,000	96,000	42.67%
Needham & Company, Inc.		52,500.00	22,500.00	75,000.00	225,000	75,000	33.33%
Neuberger & Berman		106,050.00	22,500.00	128,550.00	225,000	151,500	67.33%
The Ohio Company		38,850.00	22,500.00	61,350.00	225,000	55,500	24.67%
Rauscher Pierce Refsnes, Inc.		47,740.00	22,500.00	70,240.00	225,000	68,200	30.31%
Robinson-Humphrey Company, Inc.		78,260.00	22,500.00	100,760.00	225,000	111,800	49.69%
Rothchild Inc.		51,590.00	22,500.00	74,090.00	225,000	73,700	32.76%
Stephens Inc.		37,730.00	22,500.00	60,230.00	225,000	53,900	23.96%
Stifel, Nicolaus & Company, Incorporated		48,930.00	22,500.00	71,430.00	225,000	69,900	31.07%
Sutro & Co. Incorporated		52,920.00	22,500.00	75,420.00	225,000	75,600	33.60%
Tucker, Anthony & R.L. Day, Inc.		83,510.00	22,500.00	106,010.00	225,000	119,300	53.02%
Underwood Neuhaus & Co., Incorporated		28,000.00	22,500.00	50,500.00	225,000	40,000	17.78%
Wood Gundy Incorporated		60,900.00	22,500.00	83,400.00	225,000	87,000	38.67%
Adams, Harkness & Hill, Inc.		31,150.00	4,000.00	35,150.00	40,000	44,500	111.25%
Anderson & Strudwick, Inc.		18,900.00	4,000.00	22,900.00	40,000	27,000	67.50%
Baker, Watts & Co.		47,810.00	4,000.00	51,810.00	40,000	68,300	170.75%

UNDERWRITERS	MANAGEMENT FEE INCOME	SELLING CONCESSION INCOME	NET UNDERWRITING INCOME	TOTAL INCOME	SHARES UNDERWRITTEN	SHARES SOLD	% OF U/W SOLD
Barclay Investments, Inc.		5,600.00	4,000.00	9,600.00	40,000	8,000	20.00%
George K. Baum & Company		10,500.00	4,000.00	14,500.00	40,000	15,000	37.50%
Birr, Wilson Securities, Inc.		9,100.00	4,000.00	13,100.00	40,000	13,000	32.50%
Blackstock & Co., Inc.		19,180.00	4,000.00	23,180.00	40,000	27,400	68.50%
Branch, Cabell & Co.		5,600.00	4,000.00	9,600.00	40,000	8,000	20.00%
Brean Murray, Foster Securities Inc.		40,810.00	4,000.00	44,810.00	40,000	58,300	145.75%
J.W. Charles - Bush Securities, Inc.		5,600.00	4,000.00	9,600.00	40,000	8,000	20.00%
Cable, Howse & Ragen		41,930.00	4,000.00	45,930.00	40,000	59,900	149.75%
Caroline Securities Corporation		23,100.00	4,000.00	27,100.00	40,000	33,000	82.50%
Robert C. Carr & Co., Inc.		7,700.00	4,000.00	11,700.00	40,000	11,000	27.50%
The Chicago Corporation		55,615.00	4,000.00	59,615.00	40,000	79,450	198.63%
B.C. Christopher Securities Co.		11,200.00	4,000.00	15,200.00	40,000	16,000	40.00%
Craigie Incorporated		8,050.00	4,000.00	12,050.00	40,000	11,500	28.75%
Crowell, Weedon & Co.		24,500.00	4,000.00	28,500.00	40,000	35,000	87.50%
Cunningham, Schmertz & Co., Inc.		5,600.00	4,000.00	9,600.00	40,000	8,000	20.00%
D.A. Davidson & Co. Incorporated		14,000.00	4,000.00	18,000.00	40,000	20,000	50.00%
R.G. Dickinson & Co.		6,650.00	4,000.00	10,650.00	40,000	9,500	23.75%
Doft & Co., Inc.		5,600.00	4,000.00	9,600.00	40,000	8,000	20.00%
Dominick & Dominick Incorporated		5,600.00	4,000.00	9,600.00	40,000	8,000	20.00%
**Ewing Capital, Inc.		62,300.00	4,000.00	66,300.00	40,000	89,000	222.50%
Fahnestock & Co.		39,550.00	4,000.00	43,550.00	40,000	56,500	141.25%
Ferris & Company, Incorporated		18,970.00	4,000.00	22,970.00	40,000	27,100	67.75%
Fianancial America Securities		5,600.00	4,000.00	9,600.00	40,000	8,000	20.00%
First Albany Corporation		17,150.00	4,000.00	21,150.00	40,000	24,500	61.25%
First Equity Corporation Of Florida		5,600.00	4,000.00	9,600.00	40,000	8,000	20.00%
First Manhatten Co.		48,790.00	4,000.00	52,790.00	40,000	69,700	174.25%
Folger Nolan Fleming Douglas Inc.		7,000.00	4,000.00	11,000.00	40,000	10,000	25.00%
Gabelli & Company, Inc.		66,570.00	4,000.00	70,570.00	40,000	95,100	237.75%
Gradison & Company Incorporated		5,600.00	4,000.00	9,600.00	40,000	8,000	20.00%
**Grigsby, Brandford & Co., Inc.		15,400.00	4,000.00	19,400.00	40,000	22,000	55.00%
Hanifen, Imhoff Inc.		25,830.00	4,000.00	29,830.00	40,000	36,900	92.25%
Hayes & Griffith, Inc.		9,800.00	4,000.00	13,800.00	40,000	14,000	35.00%
J.J.B. Hilliard, W.L. Lyons, Inc.		7,700.00	4,000.00	11,700.00	40,000	11,000	27.50%
Howe, Barnes & Johnson, Inc.		9,100.00	4,000.00	13,100.00	40,000	13,000	32.50%
The Illinois Company Incorporated		5,600.00	4,000.00	9,600.00	40,000	8,000	20.00%
Investment Corporation of Virginia		11,200.00	4,000.00	15,200.00	40,000	16,000	40.00%
Jesup & Lamont Securities Company, Inc.		56,770.00	4,000.00	60,770.00	40,000	81,100	202.75%
Edward D. Jones & Co.		21,000.00	4,000.00	25,000.00	40,000	30,000	75.00%
Keane Securities Co., Inc.		22,400.00	4,000.00	26,400.00	40,000	32,000	80.00%
Laidlaw-Adams & Peck Inc.		35,000.00	4,000.00	39,000.00	40,000	50,000	125.00%
Mabon, Nugent & Co.		67,970.00	4,000.00	71,970.00	40,000	97,100	242.75%
The Milwaukee Company		9,100.00	4,000.00	13,100.00	40,000	13,000	32.50%
Moore & Schley Securities Corporation		42,350.00	4,000.00	46,350.00	40,000	60,500	151.25%
Newhard, Cook & Co., Incorporated		85,120.00	4,000.00	89,120.00	40,000	121,600	304.00%

UNDERWRITERS	MANAGEMENT FEE INCOME	SELLING CONCESSION INCOME	NET UNDERWRITING INCOME	TOTAL INCOME	SHARES UNDERWRITTEN	SHARES SOLD	% OF U/W SOLD
Pacific Securities Inc.		5,600.00	4,000.00	9,600.00	40,000	8,000	20.00%
Parker/Hunter Incorporated		21,700.00	4,000.00	25,700.00	40,000	31,000	77.50%
Raymond, James & Associates, Inc.		54,950.00	4,000.00	58,950.00	40,000	78,500	196.25%
Richardson Greenshields Securities Inc.		5,600.00	4,000.00	9,600.00	40,000	8,000	20.00%
Roney & Co.		16,100.00	4,000.00	20,100.00	40,000	23,000	57.50%
R. Rowland & Co. Incorporated		30,660.00	4,000.00	34,660.00	40,000	43,800	109.50%
Scott & Stringfellow, Inc.		25,760.00	4,000.00	29,760.00	40,000	36,800	92.00%
Seidler Amdec Securities Inc.		57,330.00	4,000.00	61,330.00	40,000	81,900	204.75%
Sloate weisman Murray & Company		109,900.00	4,000.00	113,900.00	40,000	157,000	392.50%
Smith, Moore & Co.		5,600.00	4,000.00	9,600.00	40,000	8,000	20.00%
Southwest Securities Inc.		5,600.00	4,000.00	9,600.00	40,000	8,000	20.00%
R.C. Stamm And Company		16,450.00	4,000.00	20,450.00	40,000	23,500	58.75%
Starr Securities, Inc.		5,600.00	4,000.00	9,600.00	40,000	8,000	20.00%
Sterne, Agee & Leach, Inc.		5,600.00	4,000.00	9,600.00	40,000	8,000	20.00%
Swergold, Chefitz & Sinsabaugh, Inc.		35,420.00	4,000.00	39,420.00	40,000	50,600	126.50%
Van Kasper & Company		33,390.00	4,000.00	37,390.00	40,000	47,700	119.25%
Edward A. Viner & Co., Inc.		7,350.00	4,000.00	11,350.00	40,000	10,500	26.25%
Wedbush Securities, Inc.		23,100.00	4,000.00	27,100.00	40,000	33,000	82.50%
Woolcott & Co.		22,260.00	4,000.00	26,260.00	40,000	31,800	79.50%
**Metro Equities Corporation		7,350.00	100.00	7,450.00	1,000	10,500	1050.00%
**Montano Securities Corp.		1,400.00	100.00	1,500.00	1,000	2,000	200.00%
**Perry Investments Inc.		5,250.00	100.00	5,350.00	1,000	7,500	750.00%
**Southwestern Capital Markets, Inc.		5,250.00	100.00	5,350.00	1,000	7,500	750.00%

SELLING GROUP	SELLING * CONCESSION INCOME	SHARES SOLD
Abraham And Sons, Inc.	5,600.00	8,000
**Abron Securities Corporation	7,000.00	10,000
Adler, Coleman & Co.	7,000.00	10,000
Allen & Company Incorporated	129,290.00	184,700
Anantha Raman & Company, Inc.	7,000.00	10,000
Autranet, Inc.	72,100.00	103,000
Bishop, Rosen & Co., Inc.	1,400.00	2,000
Boenning & Scattergood Inc.	1,400.00	2,000
Bridge Trading Company	23,450.00	33,500
Brimberg & Co.	6,562.50	9,375
Broadcort Capital Corp.	4,200.00	6,000

* SELLING CONCESSION DERIVED FROM RETENTION FROM LEAD MANAGER OR FROM DESIGNATIONS FROM THE INSTITUTIONAL POT.

SELLING GROUP	SELLING CONCESSION INCOME	SHARES SOLD
**H.W. Campbell & Co., LTD.	5,250.00	7,500
Capital Institutional Services, Inc.	10,150.00	14,500
**Cartwright Securities Inc.	63,000.00	90,000
Conning & Company	14,000.00	20,000
Davenport & Co. of Virginia, Inc.	1,540.00	2,200
Davis, Mendel & Regenstein, Inc.	7,000.00	10,000
Dorn & Co., Incorporated	10,500.00	15,000
Dunlevy & Co., Incorporated	21,000.00	30,000
F S C Securities Corporation	3,500.00	5,000
Factset Data Systems Inc.	9,100.00	13,000
First Affiliated Securities	10,500.00	15,000
First Analysis Securities Corporation	4,375.00	6,250
Gifford Fong Associates	1,400.00	2,000
Foster & Marshall Inc.	2,800.00	4,000
The Fourteen Research Corporation	7,000.00	10,000
Fox-Pitt, Kelton Inc.	11,900.00	17,000
Freimark Blair & Co., Inc.	17,500.00	25,000
Gartner Securities Corp.	4,375.00	6,250
Gordon, Haskett & Co.	1,890.00	2,700
W. Greenwell Inc.	7,000.00	10,000
Oscar Gruss & Son Incorporated	10,500.00	15,000
Hamershlag, Kempner & Co.	3,500.00	5000
Harris Associates, Inc.	10,500.00	15,000
Herzog, Heine, Geduld, Inc.	3,500.00	5,000
Hess Grant & Company, Inc.	1,400.00	2,000
Hoenig & Co., Inc.	22,400.00	32,000
Hoguet, Muzinich, Keller & Co., Inc.	8,750.00	12,500
Hopper Soliday & Co., Inc.	1,400.00	2,000
Ingalls & Snyder	7,000.00	10,000
Kalb, Voorhis & Co.	7,000.00	10,000
Keefe, Bruyette & Woods, Inc.	28,700.00	41,000
Lakeview Securities Corp.	7,000.00	10,000
John A. Levin & Co., Inc.	3,500.00	5,000
Lovett Mitchell Webb, And Garrison Inc.	5,600.00	8,000
Lynch, Jones & Ryan	12,950.00	18,500
**M Securities Investment, Inc.	3,500.00	5,000
**Madison Chapin Associates, Inc.	2,100.00	3,000
McMillion/Eubanks Securities, Inc.	3,500.00	5,000
**MDC Equities Corp.	3,500.00	5,000
M.J. Meyers & Co., Inc.	700.00	1,000
Monitoring & Evaluation Services, Inc.	2,800.00	4,000
Nesbitt Thomson Securities, Inc.	3,500.00	5,000
W.H. Newbold's Son & Co., Inc.	10,990.00	15,700
William O'Neil & Co. Inc.	26,950.00	38,500

SELLING GROUP	SELLING CONCESSION INCOME	SHARES SOLD
M.M. Payson & Co.	1,050.00	1,500
Carl M. Pforzheimer & Co.	1,400.00	2,000
Portsmouth Financial Service	1,400.00	2,000
Private Ledger Financial Services, Inc.	4,900.00	7,000
Raffensperger, Hughes & Co., Inc.	1,400.00	2,000
W.H. Reaves & Co. Inc.	1,400.00	2,000
Rodman & Renshaw, Inc.	1,050.00	1,500
Roulston Research Corp.	3,500.00	5,000
Sanyo Securities America Inc.	1,400.00	2,000
Shaw Data Securities	1,400.00	2,000
Silberberg, Rosenthal & Co.	14,000.00	20,000
Martin Simpson & Company, Inc.	980.00	1,400
Sogen Securities Corporation	1,400.00	2,000
Standard & Poor's Securities, Inc.	17,500.00	25,000
Michael A. Steinberg & Co., Inc.	3,500.00	5,000
Stockbridge Partners, Inc.	5,600.00	8,000
Sussex Securities Corporation	3,500.00	5,000
Trubee, Collins & Co.	1,750.00	2,500
**United Daniels Securities, Inc.	19,950.00	28,500
S.G. Warburg & Co. Inc.	3,500.00	5,000
Weeden & Co., Incorporated	7,000.00	10,000
Wellington & Co.	7,000.00	10,000
Whiteside And Co.	1,400.00	2,000
Williams Securities Group, Inc.	1,400.00	2,000
Wilshire Associates	71,750.00	102,500
Wood, Mackenzie & Co., Inc.	7,840.00	11,200
William K. Woodruff Company, Inc.	1,400.00	2,000
Zacks & Co.	2,100.00	3,000

EUROPEAN UNDERWRITERS	MANAGEMENT FEE INCOME	SELLING CONCESSION INCOME	NET* UNDERWRITING INCOME	TOTAL INCOME
Goldman Sachs International Corp.	226,800.00	614,833.33	76,500.00	918,133.33
First Boston International Limited	226,800.00	614,833.33	76,500.00	918,133.33
Merrill Lynch International & Co.	226,800.00	684,833.34	76,500.00	988,133.34
Morgan Stanley International	226,800.00	614,833.33	76,500.00	918,133.33
Salomon Brothers International Limited	226,800.00	614,833.33	76,500.00	918,133.33
Shearson Lehman Brothers International, Inc.	226,800.00	684,833.34	76,500.00	988,133.34
Algemene Bank Nederland N.V.	19,800.00	52,500.00	16,500.00	88,800.00
Banque Bruxelles Lambert S.A.	19,800.00	52,500.00	16,500.00	88,800.00
Banque Nationale de Paris	19,800.00	52,500.00	16,500.00	88,800.00
Cazenove & Co.	19,800.00	56,000.00	16,500.00	92,300.00
The Nikko Securities Co., (Europe) Ltd.	19,800.00	115,500.00	16,500.00	151,800.00
Nomura International Limited	19,800.00	115,500.00	16,500.00	151,800.00
N.M. Rothschild & Sons Limited	19,800.00	56,000.00	16,500.00	92,300.00
J. Henry Schroder Wagg & Co. Limited	19,800.00	70,000.00	16,500.00	106,300.00
Societe Generale	19,800.00	59,500.00	16,500.00	95,800.00
S.G. Warburg Securities	19,800.00	70,000.00	16,500.00	106,300.00
ABC International Ltd.	3,600.00	7,000.00	3,000.00	13,600.00
Banque Paribas Capital Markets Limited	3,600.00	14,000.00	3,000.00	20,600.00
Caisse Nationale de Credit Agricole	3,600.00	7,000.00	3,000.00	13,600.00
Compagnie de Banque et d'Investissements, CBI	3,600.00	10,500.00	3,000.00	17,100.00
Credit Lyonnais	3,600.00	10,500.00	3,000.00	17,100.00
Daiwa Europe Limited	3,600.00	21,000.00	3,000.00	27,600.00
IMI Capital Markets (UK) Ltd.	3,600.00	14,000.00	3,000.00	20,600.00
Joh. Berenberg, Gossler & Co.	3,600.00	7,000.00	3,000.00	13,600.00
Leu Securities Limited	3,600.00	10,500.00	3,000.00	17,100.00
Morgan Grenfell & Co. Limited	3,600.00	10,500.00	3,000.00	17,100.00
Peterbroeck, van Campenhout & Cie SCS	3,600.00	7,000.00	3,000.00	13,600.00
Swiss Volksbank London Branch Licensed Deposit Taker	3,600.00	7,000.00	3,000.00	13,600.00
Vereins-und Westbank Aktiengesellschaft	3,600.00	10,500.00	3,000.00	17,100.00
J. Vontobel & Co Ltd.	3,600.00	7,000.00	3,000.00	13,600.00
M.M. Warburg-Brinckmann,Wirtz & Co.	3,600.00	7,000.00	3,000.00	13,600.00
Westdeutsche Landesbank Girozentrale	3,600.00	7,000.00	3,000.00	13,600.00
Yamaichi International (Europe) Limited	3,600.00	21,000.00	3,000.00	27,600.00
Lazard Asia Limited		17,500.00		17,500.00
	============	============	============	============
	1,620,000.00	4,725,000.00	675,000.00	7,020,000.00

* UNDERWRITING INCOME NET OF EXPENSES IS ESTIMATED TO BE $0.10 PER SHARE

SENATOR LAUTENBERG: What was the total net realized on the Conrail Sale:

ANSWER: The Department received a total of $1,874,663,533 in net revenues from the sale of Conrail.

UNITED STATES RAILWAY ASSOCIATION (USRA)

SENATOR LAUTENBERG: What Federal responsibility still exists for borrowings of the USRA?

ANSWER: When the USRA was abolished on January 1, 1987, the Department of Transportation became the successor to USRA's responsibilities. The Department was the guarantor for USRA's remaining outstanding note with the Federal Financing Bank (FFB) for a loan issued to the Central Railroad of New Jersey (Central Jersey Industries), which became due on September 30, 1987. FRA used its public debt authority to borrow from the U.S. Treasury for payment of the USRA note held by the FFB. The payment totalled $88.8 million in principal and interest. FRA will request an FY 1990 appropriation to liquidate the principal and any unpaid interest due to the Treasury.

SENATOR LAUTENBERG: Under the Regional Rail Reorganization Program, is the Federal Government still holding notes of borrowing railroads? If so, which railroads and how much?

ANSWER: There are no outstanding notes remaining under this program.

CONRAIL LITIGATION

SENATOR LAUTENBERG: Has the Federal Government settled with all the railroads that transferred property to and for the creation of Conrail? If not, what settlements are still outstanding and what is the Federal liability?

ANSWER: In 1987, the Government settled on the value of properties transferred to Conrail from Central Jersey Industries and the Erie and Kalamazoo Railroad. These were the final settlements.

CONRAIL LABOR PROTECTION

SENATOR LAUTENBERG: Has all Federal liability for Conrail labor protection been met? That is, is the Government financially responsible for any outstanding claims? If so, provide an estimate of Federal liability.

ANSWER: Yes, all payments under the Section 702 Workforce Protection Program and the Section 701 Labor Protection Program, components of the Conrail Labor Protection Program, have been completed. The Workforce Protection Program has expired and any pending claims under the Labor Protection Program are now Conrail's responsibility. The $129,000 unobligated balance shown in FY 1988 are funds returned to the Federal Railroad Administration by the Railroad Retirement Board from the

Milwaukee Railroad Labor Assistance program. Since the Department cannot use these funds for any additional labor protection costs and with the Milwaukee program now inactive, the unobligated funds will be withdrawn at the end of fiscal year 1988.

ALASKA RAILROAD

SENATOR LAUTENBERG: What is the Federal obligation under the Alaska Railroad sale?

ANSWER: As part of the Transfer Agreement dated January 5, 1985, the Federal Railroad Administration is responsible for funding worker compensation claims arising from injuries occurring prior to January 6, 1985. The Department of Labor (DOL), which administers the workers' compensation program, billed FRA for $3,409,882.57. This total payment consisted of 51 medical payments for $72,001.94; 44 non-fatal compensation payments for $3,274,916.69; and 3 fatal compensation payments for $62,693.94. Although there were 98 claims, only 69 employees were involved.

FRA is attempting to reduce the administrative burden and long term costs, which were previously estimated at $40 million through a buyout program administered by DOL, whereby the employee is offered a lump-sum payment in lieu of annual payments. As of this date, DOL has finalized 16 buyouts for $3,743,369.72 and is awaiting response on 2 additional offers. The buyouts are not offered for those individuals receiving death benefits which will continue to be paid during the lifetime of the survivors.

SENATOR LAUTENBERG: Federal funding for compensation payments was provided for fiscal year 1988. What additional obligations does FRA expect in fiscal year 1988, in fiscal year 1989?

ANSWER: Funds provided for FY 1988 were to be taken from carryover funds which subsequently were not available. FRA does not expect any bills from DOL for FY 1988 since it is the transition year for changing the payment procedure. We expect a bill of $1,892,748.50 for FY 1989.

The FY 1986 payment was made to DOL for claims through June 30, 1986, from the proceeds remaining in the Alaska Railroad Revolving Fund. Since FRA would not have sufficient funds to pay future bills from the Fund, FRA requested that DOL bill FRA on a chargeback basis as they do for every other agency. DOL pays the bill then requests payment from the responsible agency. The responsible agency then requests the funds in its next budget submission for payment to DOL. In this case, the FY 1987 actual bill is included in our FY 1989 request and will be paid when we receive our appropriation.

SENATOR LAUTENBERG: What is the Government's potential liability for workmen's compensation payments?

ANSWER: FRA cannot accurately project the long term compensation costs associated with these former employees and their survivors until we know how successful the DOL has been with the buyout offers. Prior to the buyouts, the estimate in 1987 was $40 million.

SENATOR LAUTENBERG: How was the 1988 appropriation used?

ANSWER: Congress identified $1.824 million for the Alaska Railroad workers' compensation for FY 1988 which was to come from carryover balances of prior year appropriations. Since there was only $3.5 million available from prior year appropriations and it was fully committed for other program needs identified by the Appropriations Committees and for continuing FRA contractual agreements, there were no funds remaining to use for workers' compensation payments. As explained in the question above, because FY 1988 is a transition year for billing purposes, we don't expect to receive a bill from the Department of Labor this year.

PERSONNEL LEVELS

SENATOR LAUTENBERG: Appropriations for fiscal year 1988 funded 444 positions in Railroad Safety, yet page 7 of the budget justification shows 436 as end-of-year full-time employment. Why the difference?

ANSWER: Congress authorized 444 full-time permanent positions for FY 1988 for Railroad Safety. FRA is showing 444 funded staff years (FTEs) but this includes 8 non-ceiling FTEs or 436 FTEs against the 444 authorized positions. At any time during the fiscal year, there will be some vacancies in the 444 authorized positions even though we constantly try to keep the inspector vacancies filled. The 436 end-of-year employment figure shown for FY 1988 indicates that we will have 436 full-time permanent employees on-board on September 30, 1988, approximately a 98.2 percent employment level or a 1.8 percent attrition rate. Normal attrition rates run as high as 5 or 6 percent in other agencies.

SENATOR LAUTENBERG: Fiscal year 1989 shows the same difference of eight positions (447 appropriated vs. 439 end-of-year). Why?

ANSWER: As stated above, this reflects a 1.8 percent attrition rate for Railroad Safety.

SENATOR LAUTENBERG: Has the agency done a time in service and age distribution analysis of its Federal Inspector workforce? If so, please provide a copy of that analysis.

ANSWER: The average age of the Office of Safety field safety inspector is 50. The chart below shows the number and percentage of inspectors in each age group as of October 1987.

Age	No. of Inspectors	% of Inspectors
30-39	51	16
40-49	96	31
50-59	105	34
60-69	59	19
70-over	2	--

There is a composite study currently underway of the FRA's Safety Inspector workforce which, when completed in the near future, will yield significant data about the time in service as well as age distribution of the approximately 325 employees included in the study. The information will be submitted.

RECORD QUESTIONS

SENATOR LAUTENBERG: Update the charts on pages 162 through 170 and page 185 regarding FRA's research and development effort. (Senate Hearings 100-354, Part 1.)

ANSWER: The updated charts for pages 162 through 170 are as follows.

MAJOR MILESTONE CHARTS - FIVE YEAR PLAN

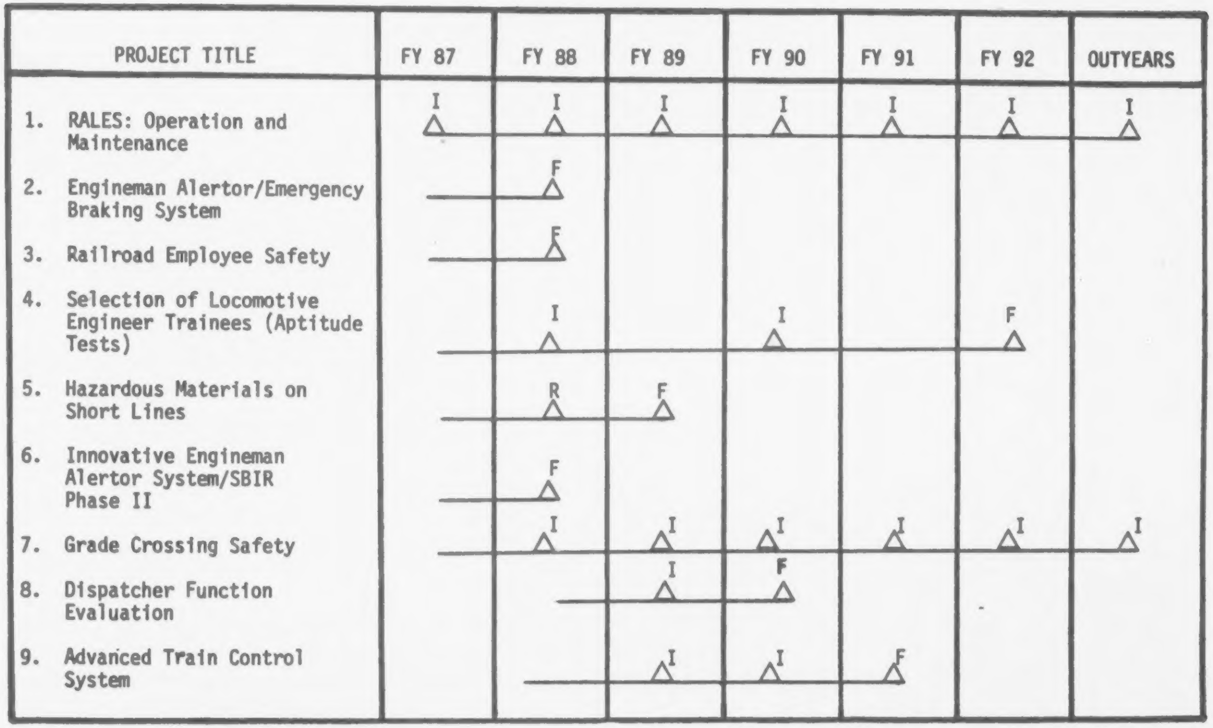
EQUIPMENT AND COMPONENTS

PROJECT TITLE	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92	OUTYEARS
1. Dragging Brake Detection	F						
2. Wheel Failure Mechanisms	F						
3. Safety Assessment of New and Untried Freight Cars		F, Car 1	F, Car 2	F		F	F
4. Freight Car Components (Wheels, Roller Bearings, etc.)	F	I	I	F		F	
5. Defect Detection		I		I	F		
6. Safety Aspects of High Speed Passenger Equipment		I	F	I	F		F
7. Locomotive Control Compartment Safety			I R	R	F		
8. Braking Systems Investigations				F			

Legend:
I Interim Briefing/Report
F Final Briefing/Report
R Industry Review
W Industry Workshop

MAJOR MILESTONE CHARTS - FIVE YEAR PLAN

OPERATING PRACTICES

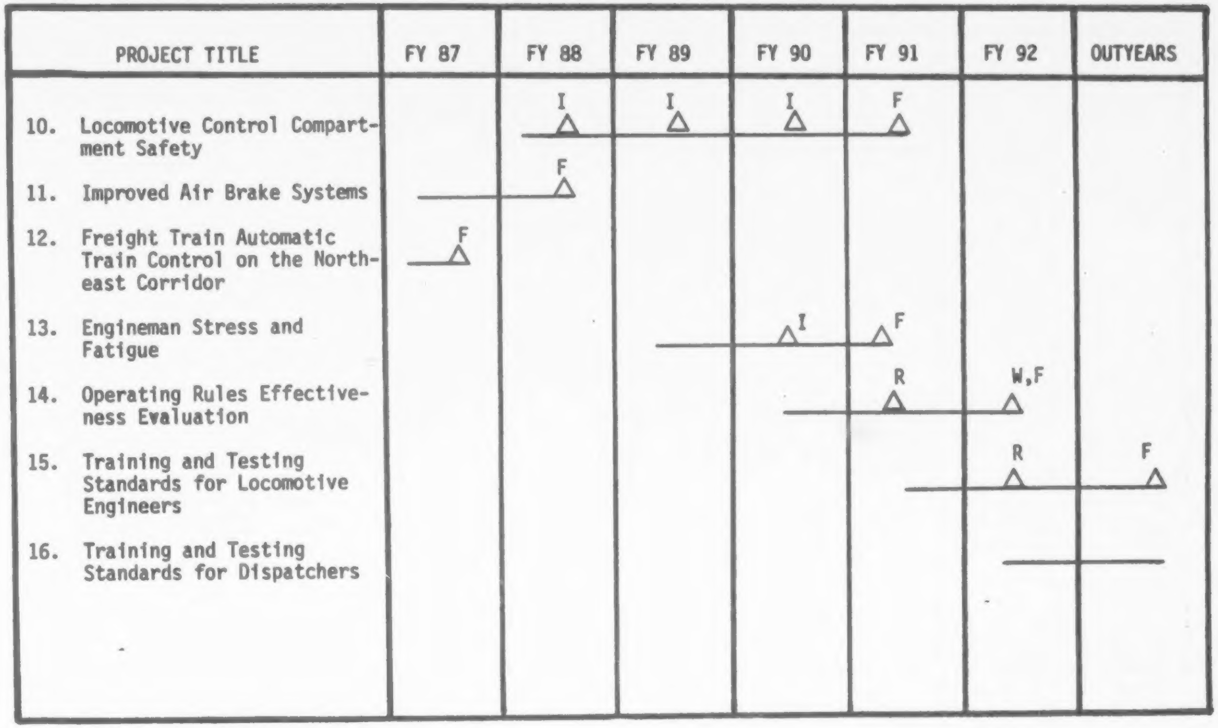


PROJECT TITLE	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92	OUTYEARS
1. RALES: Operation and Maintenance	I △	I △	I △	I △	I △	I △	I △
2. Engineman Alertor/Emergency Braking System		F △					
3. Railroad Employee Safety		F △					
4. Selection of Locomotive Engineer Trainees (Aptitude Tests)		I △		I △		F △	
5. Hazardous Materials on Short Lines		R △	F △				
6. Innovative Engineman Alertor System/SBIR Phase II		F △					
7. Grade Crossing Safety		I △	I △	I △	I △	I △	I △
8. Dispatcher Function Evaluation			I △	F △			
9. Advanced Train Control System			I △	I △	F △		

Legend: I Interim Briefing/Report
F Final Briefing/Report
R Industry Review
W Industry Workshop

MAJOR MILESTONE CHARTS - FIVE YEAR PLAN

OPERATING PRACTICES



PROJECT TITLE	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92	OUTYEARS
10. Locomotive Control Compartment Safety		I	I	I	F		
11. Improved Air Brake Systems		F					
12. Freight Train Automatic Train Control on the Northeast Corridor	F						
13. Engineman Stress and Fatigue				I	F		
14. Operating Rules Effectiveness Evaluation					R	W,F	
15. Training and Testing Standards for Locomotive Engineers						R	F
16. Training and Testing Standards for Dispatchers							

Legend:
I Interim Briefing/Report
F Final Briefing/Report
R Industry Review
W Industry Workshop

MAJOR MILESTONE CHARTS - FIVE YEAR PLAN

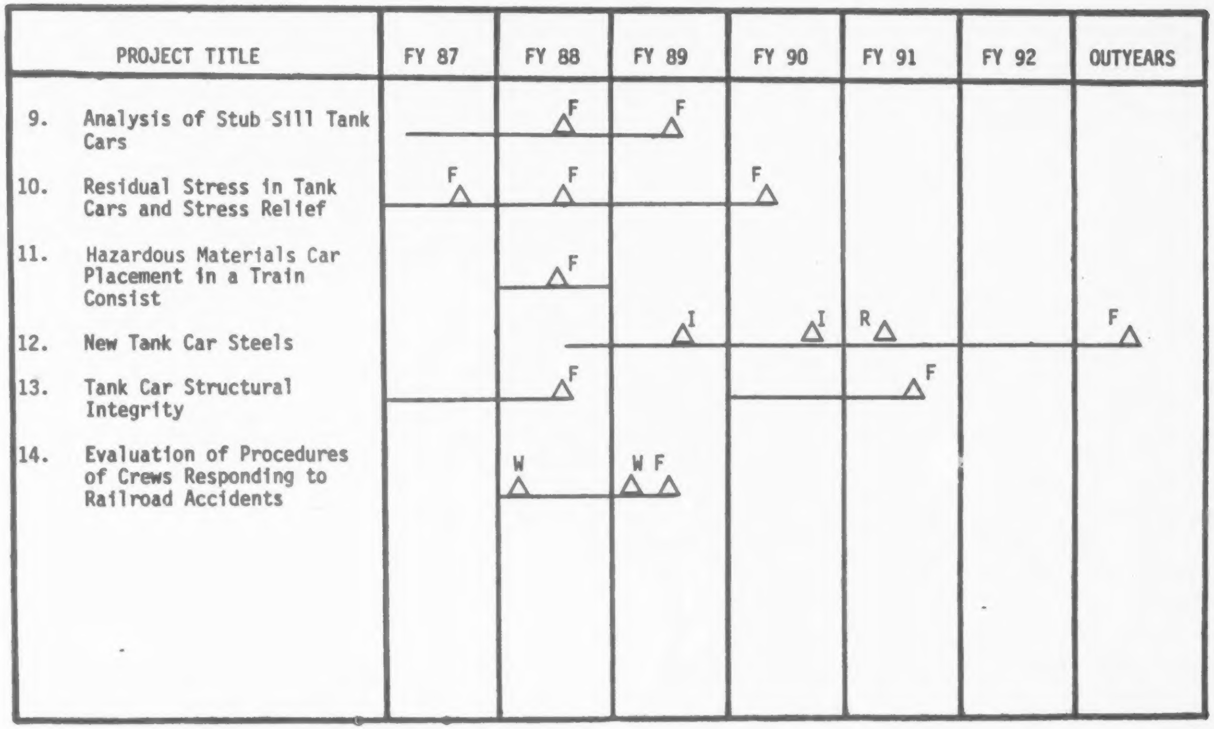
HAZARDOUS MATERIALS

PROJECT TITLE	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92	OUTYEARS
1. Analysis of Fire on Non-Pressure Cars	F △						
2. Tank Car Puncture Resistance Tests		I △		F △			
3. Tank Car Accident Investigations/Analysis	I △	F △			F △		
4. Nondestructive Evaluation of Damaged Tank Car Structural Integrity	F △		F △				
5. Dynamic Response Intermodal and Jumbo Tank Cars		F △ F △					
6. Tank Car Design Improvements			F △		I △		F △
7. Investigation of Rail Transportation of Spent Nuclear Fuel Casks		F △	I △	R △	F △		
8. Hazardous Materials Product Release Detection System			F △				

Legend:
- I Interim Briefing/Report
- F Final Briefing/Report
- R Industry Review
- W Industry Workshop

MAJOR MILESTONE CHARTS - FIVE YEAR PLAN

HAZARDOUS MATERIALS



Legend:
- I Interim Briefing/Report
- F Final Briefing/Report
- R Industry Review
- W Industry Workshop

MAJOR MILESTONE CHARTS - FIVE YEAR PLAN

TRACK AND COMPONENTS

PROJECT TITLE	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92	OUTYEARS
1. Rail Integrity	R△ RF△	R△ R△	R△	RF△ R△	R△	R△ R△	
2. Track Buckling	RW△ R△	R△ FR△	W△ R△	RF△ R△	W△ R△	R△ FR△	
3. Turnout Evaluation			R△ I△	R△ F△	W△	R△	
4. Signal and Train Control			R△	I△	R△ F△	R△	

Legend:
I Interim Briefing/Report
F Final Briefing/Report
R Industry Review
W Industry Workshop

MAJOR MILESTONE CHARTS - FIVE YEAR PLAN

INSPECTION - DETECTION

PROJECT TITLE	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92	OUTYEARS
1. Track/Rail Inspection Test Support	R △ R △	R △	CONTINUOUS SUPPORT				
2. Track Strength Testing	R △ R △	R △ R △	R △ F △	R △ R △	RF △		
3. Railroad Bridge Evaluation				R △	R △	I △	
4. Track Degradation	R △	R △	R △	I △	R △	FR △	

Legend:
- I Interim Briefing/Report
- F Final Briefing/Report
- R Industry Review
- W Industry Workshop

MAJOR MILESTONE CHARTS - FIVE YEAR PLAN

TRACK-TRAIN INTERACTION

PROJECT TITLE	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92	OUTYEARS
1. Vehicle Track Systems	R △	RI △	R △ F △				
2. New Train Concept Safety Evaluation					R △	R △	
3. Vehicle-Track Interaction	R △ FR △	R △ IR △	R △	R △ FR △	R △	IR △ R △	
4. Track Accident--Trend Analysis	R △	R △ F △	R △ I △		R △ I △		

Legend:
- I Interim Briefing/Report
- F Final Briefing/Report
- R Industry Review
- W Industry Workshop

This is the updated chart for page 185:

Railroad Safety Research and Development Requirements Forecast

	Fiscal Year					
	89	90	91	92	93	94
Equipment, Operations and Hazardous Materials Safety						
Freight Car Component Safety	X	X	X	X	X	
Safety Assessment of New and Untried Freight Cars	X	X	X	X	X	
Safety Aspects of High Speed Passenger Equipment	X	X	X	X	X	X
Defect Detection	X	X	X			
Locomotive Control Compartment Safety	X	X	X			
Grade Crossing Safety	X	X	X	X	X	X
Human Factors Engineering	X	X	X	X	X	X
Tank Car Puncture Requirements	X	X	X	X	X	X
Tank Car Design Evaluation	X	X	X	X	X	X
Nuclear Product Transportation	X	X	X			
Track Safety						
Rail Integrity	X	X	X	X	X	X
Vehicle-Track Interaction	X	X	X	X	X	X
Track Buckling	X	X	X	X		
Track Inspection/Flaw Detection	X	X	X	X	X	X
Track Strength	X	X	X			
Signal and Train Control Systems	X	X	X	X	X	X
Railroad Bridge Evaluations		X	X	X	X	X
Turnout Evaluations	X	X	X	X	X	X
New Train Concept Safety Evaluation			X	X	X	X
Vehicle Track Systems	X					
Track Degradation	X	X	X	X	X	X
Track Accident Trend Analysis	X					

SENATOR LAUTENBERG: What is the status of funds previously funded to the Oregon Graduate Center?

ANSWER: In fiscal year 1987, a grant of $356,240 was awarded to Oregon Graduate Center to conduct a materials engineering study for FRA. The study grant covers two program areas of interest, namely, rail fatigue analyses as part of track safety research and analytical work concerning tank car welding, a part of the hazardous materials research program. An additional grant of $115,000 for further tank car welding analysis will be awarded in fiscal year 1988.

SENATOR LAUTENBERG: Update the chart on page 197 of last year's hearing regarding FRA overseas travel.

ANSWER: Information follows:

OVERSEAS TRAVEL
MARCH 11, 1987 - MARCH 10, 1988

DESTINATION	PURPOSE	DATES	COST
MONTREAL, CANADA	To testify before the Canadian Parliament on the American Experience under the Staggers Rail Act (SRA) of 1980.	APRIL 2, 1987	$ 289.34
MONTREAL, CANADA	To assist the FRA Administrator in the testimony on the SRA of 1980.	APRIL 2, 1987	$ 301.64
OTTAWA, CANADA	To attend a meeting with the Canadian Transport Comm. and visit a Canadian Tank Car Manufacturing repair plant to determine compliance with DOT regulations.	JUNE 6, 1987	$ 787.00
JAPAN & CHINA	To negotiate a protocol implementing the US-China technical cooperation agreement, and attend Safety and Technological discussions.	JUNE 26 - JULY 8, 1987	$3,821.00
JAPAN & CHINA	To accompany the FRA Administrator on Safety and Technological discussions.	JUNE 26 - JULY 8, 1987	$3,821.00
GENEVA, SWITZERLAND	To represent FRA at the World Administrative Radio Conference (WARC) for Mobil Services and assist the U.S. Team in discussions with delegates of other countries on the importance of mobil radio.	SEPT. 12-27, 1987	$4,109.33
TORONTO, CANADA	To address the Toronto Railroad Club on drug and alcohol abuse.	OCT. 25, 1987	$ 446.50
TORONTO, CANADA	To assist the FRA Administrator.	OCT. 25, 1987	$ 453.86
GIMLI, CANADA	To review Advanced Train Control System (ATCS) simulator and connection with the development of ATCS.	FEB. 25-26, 1988	$ 767.01
GIMLI, CANADA	To review Advanced Train Control System simulator and connection with the development of ATCS.	FEB. 25-26, 1988	$ 767.01
GIMLI, CANADA	To review Advanced Train Control System simulator and connection with the development of ATCS.	FEB. 25-26, 1988	$ 767.01

SENATOR LAUTENBERG: Update the chart on page 198 of last year's hearing on political appointees.

ANSWER: Information follows:

Fiscal Year 1985

Title	Type of Appointment	Salary
Administrator	Presidential	$73,600
Deputy Administrator	Non-Career SES	70,500
Special Assistant to the Admin.	Non-Career SES	68,700
Chief Counsel	Non-Career SES	70,500
Intergovernmental Affairs Coord.	Schedule C	37,599
Supervisory Public Affairs Spec.	Schedule C	32,673
Program Coordinator	Schedule C	26,381
Staff Assistant	Schedule C	22,531
Secretary (Typing)	Schedule C	22,531

Fiscal Year 1986

Title	Type of Appointment	Salary
Administrator	Presidential	$73,600
Deputy Administrator	Non-Career SES	70,500
Special Assistant to the Admin.	Non-Career SES	68,700
Chief Counsel	Non-Career SES	70,500
Intergovernmental Affairs Coord.	Schedule C	38,852
Supervisory Public Affairs Spec.	Schedule C	38,852
Staff Assistant	Schedule C	26,381
Secretary (Typing)	Schedule C	24,811

Fiscal Year 1987

Title	Type of Appointment	Salary
Administrator	Presidential	$82,500
Deputy Administrator	Non-Career SES	Vacant
Special Assistant to Admin.	Non-Career SES	73,400
Chief Counsel	Non-Career SES	Vacant
Intergovernmental Affairs Coord.	Schedule C	45,763
Supv. Public Affairs Specialist	Schedule C	41,309
Staff Assistant	Schedule C	28,078
Secretary (Typing)	Schedule C	Vacant
Assoc. Administrator for Policy	Non-Career SES	Vacant

Fiscal Year 1988

Title	Type of Appointment	Salary
Administrator	Presidential	$82,500
Deputy Administrator	Non-Career SES	71,910
Special Assistant to Admin.	Non-Career SES	Vacant 1/
Public Affairs Officer	Schedule C	68,900
Executive Assistant	Schedule C	39,501
Assoc. Administrator for Policy	Non-Career SES	Vacant
Staff Assistant	Schedule C	34,325

1/ Position was vacated and abolished on December 19, 1987

SENATOR LAUTENBERG: Update the listings of positions by office found on pages 199 and 200 of last year's hearings.

ANSWER: Information follows:

Office of Chief Counsel
(on board)

Title	Salary
Chief Counsel	$75,500
Deputy Chief Counsel	67,899
Supervisory Attorney-Adviser (Transportation)	68,643
Supervisory Trial Attorney (Transportation)	66,160
Supervisory Trial Attorney (Transportation)	62,227
Supervisory Attorney-Adviser (Transportation)	62,202
Attorney Adviser (Transportation)	71,377
Trial Attorney	68,261
Trial Attorney (Transportation)	56,015
Trial Attorney (Transportation)	56,015
Trial Attorney	54,459
Attorney-Adviser	54,459
Trial Attorney (Transportation)	49,791
Attorney-Adviser	51,347
Attorney-Adviser (Contract)	49,791
Attorney-Adviser (Contract)	48,235
Attorney-Adviser (Contract)	40,818
Trial Attorney (Transportation)	33,218
Trial Attorney	27,716
Enforcement Information Technician	23,094
Paralegal Specialist 1/	18,726
Secretary (Stenography)	29,783
Secretary (Stenography)	25,576
Secretary (Stenography)	22,642
Secretary (Stenography)	24,194
Secretary (Stenography)	23,254
Secretary (Stenography)	20,194

1/ Part-Time Employee

IMMEDIATE OFFICE OF THE ADMINISTRATOR

Title	Salary
Administrator	$82,500
Deputy Administrator	71,910
Special Assistant to the Administrator	53,986
Program Analyst	44,552
Executive Assistant	39,501
Executive Correspondence Specialist	35,108
Staff Assistant	33,653
Secretariat Staff Specialist	27,491
Correspondence Review Specialist	20,598
Secretary (Stenography)	35,108
Secretary (Stenography)	29,019
Secretary (Typing)	22,642
Chauffeur (per hour)	10.53

Office of the Executive Director

Executive Director	$75,500
Program Analyst	45,554
Secretary (Stenography)	29,783

Office of Public Affairs

Public Affairs Officer	(Vacant)	$54,907
Public Affairs Specialist		30,488
Secretary (Typing)		16,798

SENATOR LAUTENBERG: Update the contractor listing found on page 201 of last year's hearing record.

ANSWER: Information follows:

Contractor	Purpose	Dollars
Ensco	Automated Track Inspection	1,249,629
Woodside Consultant	Financial Evaluation Services	46,550
Mitre	Dynamic Response of Intermodal Hazardous Material Cars	179,845
R. L. Banks	Financial Evaluation Services	105,432
I-NET	Railroad Safety Data System Data Entry and Validation	558,000
Battelle	Quick Response Safety Research Railroad Vehicles, Track and Components	45,000
AAR	Vehicle Track Interaction Project	417,844
Deleuw-Cather-Parson	Program Management, Northeast Corridor Improvement Project	441,141
Ensco	Operation, Maintenance and Instrumentation of OR&D Test	67,998
AAR	Administration Support to Government Office at Transportation Test Center (TTC) Pueblo, Colorado	38,008
Peat Marwick Main	Operation & Maintenance of the FRA Accounting System	0,000
University of Utah	Drug Toxicology Testing	75,000
Ensco	Operation, Maintenance, Instrumentation and Analysis Support for Research and Development	622,080

AAR	Special Purpose Schnabel Car	170,000
Institute of Human Resources	Operation: Red Block	119,866
AAR	Rail Garrison	1,213,700
Computer Data	Word Processing/Office Automation	734,474
IIT Research	Locomotive & Train Handling Evaluator	134,599
AAR	Facility for Accelerated/Service Testing, TTC, High Tonnage Loop	1,908,019
Magnasonics	EMAT Rail Flaw Detection System	66,517
Arthur D. Little	Track Train Technical Support	949,098
AAR	Puncture Resistance Testing	641,750
Peat Marwick Main	Maintenance and Enhancement of the FRA Financial Accounting System	96,411
Advance Technology Research	Stress Relief for Attachment Welded to Tank Shells	96,617
AAR	Improved Braking System	200,000
AAR	Hazardous Materials Transportation Safety Research Test Program	550,000

SENATOR LAUTENBERG: Provide for Committee files the latest report on financial assistance under Title V.

ANSWER: The information follows:

FISCAL YEAR 1987

ANNUAL REPORT ON RAILROAD FINANCIAL ASSISTANCE UNDER TITLE V OF THE RAILROAD REVITALIZATION AND REGULATORY REFORM ACT OF 1976 AND SECTION 3 OF THE EMERGENCY RAIL SERVICES ACT OF 1970

STATUTORY REQUIREMENTS

This report responds to the requirements of section 409 of the Staggers Rail Act of 1980, 49 U.S.C. 308(d), for an annual report by the Secretary of Transportation on:

- The past and anticipated financial condition and operations during the fiscal year of the Railroad Rehabilitation and Improvement Fund (Fund) and the loan guarantee fund established under sections 502(a) and 511(b), respectively, of Title V of the Railroad Revitalization and Regulatory Reform Act of 1976 (4R Act);

- The Federal assistance provided to the railroad industry during the fiscal year, setting forth the reasons for the assistance and the way in which such assistance contributed to the overall goal of providing a safe and efficient transportation system; and
- The financial condition of railroads that have outstanding loans guaranteed under the Emergency Rail Services Act of 1970 (ERSA)--which, in this report, will include only a summary of the ERSA authority. Presently, no railroads have outstanding loans guaranteed under ERSA.

TITLE V

The Fund and the loan guarantee fund are means to carry out the provisions of two programs under which the Secretary may provide railroad financial assistance. One program (section 505 of the 4R Act) involves funding through the purchase of securities issued by railroads, trustees of bankrupt carriers, government entities and other eligible applicants. The second program (section 511 of the 4R Act) is in the form of loan guarantees.

The powers and duties of the Secretary under Title V have been delegated to the Administrator of the Federal Railroad Administration (FRA), except for those powers contained in section 506(c) that provide for interim appointments to the Boards of Directors of recipients of section 505 assistance when dividend/interest or redemption/principal payments on issued securities remain unpaid for four months.

FRA may purchase securities pursuant to section 505 with the proceeds of Fund anticipation notes sold to the Treasury. The authority of the enabling act to sell those notes and to obligate section 505 funds expired on September 30, 1985. The section 505 program, however, was continued pursuant to Public Law 99-190, 99 Stat. 1284, Further Continuing Appropriations for Fiscal Year 1986, which provided $33.5 million in new funds for the program and the authority to expend those funds for the uses authorized for the Fund. A sequestration of $1.4 million under Public Law 99-177, 99 Stat. 1037, Balanced Budget and Emergency Deficit Control Act of 1985, reduced the amount available to $32.1 million. In Public Law 99-500/591, 100 Stat. 1783/3341, Continuing Appropriations for Fiscal Year 1987, an additional $6.5 million in section 505 funds was appropriated. Through fiscal year 1987, a total of $624.8 million--net after rescissions, sequestration and transfers--was appropriated for the section 505 program (Exhibit 1). All available appropriated funds were used by the Treasury to purchase Fund anticipation notes.

Section 511(e) of the 4R Act provides that the aggregate unpaid principal amounts of loans guaranteed by FRA under section 511 may reach, but not exceed, $1 billion at any one time. Under section 512(a) of the 4R Act, however, FRA is permitted to issue notes to cover defaults on guaranteed loans only up to the amounts provided in appropriation acts. A total of $600 million, available without time limitation but subject to annual ceilings enacted through the appropriations process, was provided through fiscal year 1987 to fund notes issued by FRA to the Treasury to cover defaults. Of this amount, FRA guaranteed obligations in the aggregate principal amount of $271.0 million (Exhibit 1).

The Title V programs are being phased out. September 30, 1988, is the statutory termination date for the section 505 loan assistance. All remaining loan funding has been designated for certain track projects. There is no statutory termination date for the section 511 loan guarantees. New loan guarantee commitments, however, were prohibited in fiscal year 1987 by the appropriations statute; they likewise are prohibited in fiscal year 1988.

FINANCIAL CONDITION AND OPERATIONS OF THE FUND AND THE LOAN GUARANTEE FUND

Exhibits 2 and 3 present the financial status of the Fund and the loan guarantee fund, respectively, as of September 30, 1987. The following comments relate to the operations of the Fund and the loan guarantee fund, and also include summaries of the principal transactions.

THE FUND

Section 502(a) of the 4R Act established the Fund in the Treasury: ". . . in order (1) to secure the payment, when due, of the principal of, any redemption premium on, and any interest on, all Fund anticipation notes and Fund bonds, by a first pledge of and a lien on all revenues payable to and assets held in the Fund, and (2) to carry out the purposes, functions, and powers authorized in this title."

Assets of the Fund consist of:

- The proceeds of the sale of Fund anticipation notes by the Administrator to the Secretary of the Treasury;
- Deposits in the Fund of securities purchased by the Administrator pursuant to section 505;
- Dividend/interest and redemption/principal payments on such securities;
- Those sums as may be appropriated to the Fund by the Congress;
- Any security provided to secure obligations; and
- Income and gains from investment of excess funds, if any, in the Fund.

Through September 30, 1987, FRA had issued and sold to the Treasury 22 Fund anticipation notes in the total principal amount of $637.7 million. Of this amount, FRA had drawn down and deposited into the Fund $562.6 million, all of which was immediately used to provide project funds to recipients under executed financing agreements. The funding was provided to recipients through the purchase and deposit in the Fund of 40,130 equity securities (38,373 in hand; 1,757 repurchased) and 10,377 debt securities at an initial par value of $10,000 each; advances in the amount of $49.1 million against trustee certificates; $5.4 million transferred to the Interstate Commerce Commission (ICC) to finance directed service orders; and $3.0 million transferred and provided as a conditional grant.

Projected activities during fiscal year 1988 include deposits into the Fund of $28.0 million in advances against Fund anticipation notes, and $1.6 million in receipts of principal and interest due for financing provided through the Fund. Disbursements from the Fund to recipients of $28.0 million for project work also are anticipated.

In keeping with section 507(b) of the 4R Act, each Fund anticipation note issued to the Treasury bears a maturity date not later than seven (7) years from the date of issuance. Under the terms and conditions of each note, the principal amount is payable only if, when, and to the extent the FRA receives payments on the securities purchased pursuant to the financing agreement executed with the issuer of the securities. During fiscal year 1987, FRA remitted to the Treasury a total of $0.8 million in principal payments received from section 505 financing recipients. Principal repayments aggregating $1.1 million are due in fiscal year 1988.

Each advance against a Fund anticipation note bears interest at a rate that reflects the current average market yield on outstanding marketable obligations of the United States with maturities comparable to the term of the securities purchased pursuant to section 505.

Interest on the Fund anticipation notes is due semi-annually. Interest is payable, however, only to the extent funds are available as a result of (1) sums appropriated to the Fund specifically for the payment of interest, or (2) dividends or interest received on any securities purchased with the proceeds of a note. Dividends and interest on the securities are subject to a 10-year statutory payment moratorium. During fiscal year 1987, FRA received and remitted to the Treasury a total of $0.1 million in interest payments. Dividend and interest payments due in fiscal year 1988 amount to $0.5 million.

LOAN GUARANTEE FUND

Section 511(b) of the 4R Act provides that the loan guarantee fund be administered as a revolving fund. Two sources of revenue are provided for that fund. First, charges are assessed for investigating applications. These charges are not to exceed one-half of 1 percent of the principal amount of the obligation. Second, annual premium charges are mandated. These charges are not to exceed an annual rate of 1 percent on the unpaid principal balance. The premium charges are assessed upon execution of the guarantee and are paid thereafter on the anniversary date of such guarantee during the life of the guarantee.[1]

If the balance of the loan guarantee fund is not sufficient to pay required amounts because of defaults, FRA is authorized to issue promissory notes or other obligations to the Treasury.

Through September 30, 1987, total deposits in the loan guarantee fund amounted to $5,116,704.86. These deposits included investigation fees, premium charges, and interest income from investments of fund assets. Available deposits were invested in one-year obligations of the United States; matured investments were reinvested in similar securities.

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[1] The investigation charge has been established at one-eighth of 1 percent, and the annual premium charge has been established at two-tenths of 1 percent.

In fiscal year 1982, the assets of the loan guarantee fund ($3.5 million) were used together with the proceeds of notes ($7.0 million) to the Secretary of the Treasury to satisfy the Administrator's responsibility with respect to the failure by the Delaware and Hudson Railway Company (D&H) to make a total of $10.5 million in payments due the Federal Financing Bank (FFB) for assistance provided under section 511. In consideration thereof, the FFB assigned the D&H notes to FRA. In an agreement of December 31, 1983, pursuant to the provisions of section 1164(c) of the Northeast Rail Service Act of 1981, the Administrator, in behalf of the total United States interest, limited the D&H debt held by FRA ($12.4 million) and the United States Railway Association ($63.2 million) and provided for the issuance of contingency notes in substitution for such debt. The contingency notes in those amounts are held by FRA.

Also, on December 24, 1985, the available loan guarantee fund assets ($1.3 million) together with the proceeds of a note to the Secretary of the Treasury ($11.6 million) were used pursuant to the Administrator's agreements with the Soo Line Corporation (Soo) and the FFB to satisfy prepayment penalties resulting from the Soo's payment on that date of amounts due the FFB for Chicago, Milwaukee, St. Paul and Pacific Railroad Company (Milwaukee) obligations assumed by the Soo. On September 30, 1987, an additional $0.1 million in fund assets was used together with appropriated funds to liquidate the note to the Treasury.

As shown in Exhibit 3, the balance in the loan guarantee fund as of September 30, 1987, was $181,401.47. Expected activities in fiscal year 1988 include deposits of $112,000 in premium charges and interest income, and investment of available funds in obligations of the United States.

ASSISTANCE PROVIDED

Program to Date

Exhibit 4 presents a schedule of the agreements executed under Title V through September 30, 1987--a total of 34 agreements committing $605.5 million in section 505 assistance (excluding $3.0 million transferred and provided as a conditional grant), and 14 guarantees of loans under section 511 aggregating $271.0 million. While the section 505 assistance has been directed principally towards rehabilitation of track for the purpose of eliminating deferred maintenance on high density main lines, the program also has served the needs of smaller railroads operating lighter density lines. The guarantee financing under section 511 has been used mainly to support freight car and locomotive rehabilitation programs, track upgrading projects, and the funding of labor protection payments to former employees of the Milwaukee.

The principal outstanding under the financing agreements in force as of September 30, 1987, was $606.2 million (Exhibit 5). Borrowers' payments of principal and interest during fiscal year 1987 were made as scheduled, but certain agreement violations have occurred which FRA has addressed or is addressing with the respective borrowers.

Fiscal Year 1987

During fiscal year 1987, an agreement was executed to provide $16.0 million in section 505 assistance for a project of the Tri-County Commuter Rail Organization (TCRO) in Florida. Additionally, a total of $5.7 million in construction funds was furnished under prior commitments in support of a safe and efficient rail system.

TCRO. The funding provided to the TCRO is to be used for the rehabilitation and improvement of existing right-of-way of the CSX Corporation and the construction of related facilities to provide capacity for a commuter rail system in Palm Beach, Broward and Dade Counties in Florida. Congress appropriated and earmarked the $16.0 million in funds for this purpose in fiscal years 1986 and 1987.

The commuter rail service, scheduled to begin upon completion of the project about July 1, 1988, will be administered by TCRO and operated by Amtrak. Service will be provided between West Palm Beach and Miami International Airport--a distance of approximately 66 miles.

Initially, the commuter rail service will serve as part of an alternative traffic plan and relieve congestion during the reconstruction of Highway I-95 and other major north-south roads scheduled to begin in the summer of 1988. The project also is considered to be essential to the long-term viability of South Florida's transportation system. Among its benefits will be significant safety value through the elimination of potential automobile accidents along I-95, the long-term alleviation of traffic congestion, and preservation and improvement in environmental quality.

Repayment of the $16.0 million Federal loan--to be completed in installments over 20 years after project completion--has been guaranteed by the Florida Department of Transportation.

Construction Funding. The fiscal year 1987 funding for previously approved projects included:

Section 505	($ Millions) Total Committed for Project	Drawdowns in FY 1987
Heartland Rail Corporation (Heartland)/Iowa Interstate Railroad	$ 4.7 1/	$ 1.8
Michigan Interstate Railway Company (MIRC)	2.4	0.2
Mid-States Port Authority - Kansas (MSPA)	18.0	0.6
New York, Susquehanna and Western Railway Corporation (NYS&W)/Delaware Otsego Corporation (DO)	4.1	1.0
South Dakota Railroad Authority	30.0	0.3

1/ As amended. Initially, $6.2 milllion.

Section 511		
Missouri-Kansas-Texas Railroad Company (MKT)	5.8	1.8
Total	$65.0	$ 5.7

The Heartland project ($4.7 million of section 505 funds committed) covers the rehabilitation of major segments in Iowa of the former Rock Island main line between Bureau, Illinois and Council Bluffs, Iowa purchased by Heartland--a shipper-owned, noncarrier entity. The Iowa Interstate Railroad, Ltd. is Heartland's operator. The purpose of the track rehabilitation is to achieve savings in car time, locomotive hours, and train and enginemen wages--and to accelerate the realization of these savings to improve operations. The line being rehabilitated is used for the movement of steel and scrap, coal and farm products and serves as a link for manufactured products produced on-line and destined for off-line points via Chicago and Omaha. Heartland's program for the acquisition and rehabilitation of the line has been supported by contributions from the States of Iowa and Illinois and from interested shippers.

The commitment to MIRC of $2.4 million in section 505 funding, supplemented with $0.5 million in assistance from the State of Michigan, for track rehabilitation, was made to enable MIRC to provide essential freight services on its 47.5-mile line between Toledo, Ohio, and Ann Arbor, Michigan--ranked second in the State on a service index of lines defined as essential core railroads. The track improvements, now completed, will eliminate speed restrictions and permit more efficient operations. Additionally, MIRC projects that the rehabilitated track and a $1.25 million state-funded rehabilitation project, also completed, on the state-owned line segment immediately north of Ann Arbor will enable the railroad to serve new traffic.

The project for which $18 million in section 505 funds was obligated for MSPA, a coalition of 14 counties in northern Kansas, involves the acquisition and rehabilitation of 462 miles of former Rock Island trackage in Kansas, Nebraska and Colorado. The project financing also included $4 million of Kansas and Colorado Local Rail Service Assistance and private funds. MSPA purchased the property from the Rock Island Trustee for $13 million, of which $12 million was funded with the section 505 assistance and $1 million was derived from the proceeds of an issue of revenue bonds by MSPA. The remaining $6.0 million of section 505 funds was directed to rehabilitation of the line, now substantially completed. The MSPA project will assure the continuation of rail freight service in northern Kansas and eastern Colorado for movements of the region's principal grain and manufacturing commodities to the Kansas City gateway and to Gulf Ports as well as facilitate westbound shipments via Denver, Colorado. In addition, the project will enable dependable rail service to the coal-fired electric generating plant at Hallam, Nebraska, owned by the Nebraska Public Power District.

In the Conference Report accompanying the Department's Fiscal Year 1984 Supplemental Appropriations Act, FRA was urged to give priority consideration, to the extent funds were available, to the section 505 project application of the NYS&W--the principal operating subsidiary of the DO. On

September 30, 1985, $4.1 million in section 505 funds was committed to the rehabilitation of several elements of the NYS&W in central and southern New York State and northern New Jersey to permit the continuation of competitive freight services. Subsequently, approval was granted to NYS&W to reprogram $1.5 million of the $4.1 million loan package and to obtain additional private sector financing to complete a $6.5 million rehabilitation project on an alternative route for the movement of Sea-Land container traffic to Passaic Junction, New Jersey. The alternative route is being used in lieu of a higher cost movement of the container traffic under a haulage agreement over Conrail tracks between Binghamton, New York, and Passaic Junction. Rehabilitation of the alternative route, now largely completed, is part of a comprehensive improvement undertaking on the NYS&W that also is being supported by grants from the States of New York and New Jersey and internal sources. The combined funding will allow for improvements to the DO/NYS&W's operating system so as to maintain existing operations and accommodate anticipated service growth.

The $30 million in section 505 financing for the State of South Dakota Railroad Authority was committed to rehabilitate and preserve service on the 482-mile Ortonville, Minnesota/Terry, Montana, rail line purchased by the State from the Milwaukee. The Burlington Northern Railroad Company (BN), under a long-term contract with the State, has been performing the rehabilitation work and providing service over the line. BN also guaranteed repayment of the loan. Preservation of the line will ensure the continued flow of coal by rail from the Knife River coal mine at Gascoyne, North Dakota, to the electric utility at Big Stone, South Dakota, that serves the citizens of South Dakota and neighboring states. The line also connects to the core of South Dakota's branchline system, providing grain shippers and other local users with mainline, east-west rail access. Only a small segment of the project remains to be completed.

The drawdowns against the $5.8 million in loan guarantee assistance committed to the MKT are being used by MKT to retire, at maturity, certain Collateral Trust Notes (Notes) originally issued to fund rehabilitation of track and equipment under Part V of the Interstate Commerce Act. The refinancing was made available to enable MKT to use its own funds generated from operations, without reductions in its maintenance-of-way and rehabilitation programs, to repay other obligations maturing in the same time frame as the Notes--thus contributing support for economic and efficient utilization of the MKT system. MKT's main line between Kansas City and Houston is the most direct single grain route to major Texas gulf ports. In addition, the MKT provides a link for the movement of coal to two coal-fired electric generating plants located on its system. Under an earlier agreement, MKT received an additional $22.5 million in loan guarantee assistance under section 511 for track rehabilitation, which now has been completed.

In the Conference Report accompanying the Department of Transportation's Fiscal Year 1984 Appropriations Act, the Congress designated $3.42 million of section 505 assistance for the Detroit & Mackinac Railway Company (D&M). On September 30, 1985, a Financing Agreement was executed with the railroad, committing $3.42 million in section 505 funding for the rehabilitation of a 114-mile segment of the D&M's easterly main line between Bay City and Alpena, Michigan. The rehabilitation project would enable the D&M to maintain essential freight service in a geographic area where no other rail carrier operates and where the existing limited highway system creates a need for reliable rail transportation. To date, however, the D&M has not taken any actions to implement the approved project. As a result, any drawdown of section 505 funds by the D&M is suspended. The D&M has advised that the Department of Defense is considering the use of D&M facilities in connection with the M-X Missile Rail Garrison Weapons System. Such an undertaking would have a major effect on the section 505 project approved for the D&M; the decision of the Defense Department, however, is not expected for several months.

Fiscal Year 1988

In fiscal year 1988, in addition to continuing section 505 construction funding for previously approved projects, Title V program activity will focus on the remaining projects for which section 505 funds were designated by Congress, namely:

($ Millions)

$ 7.6	Gulf and Mississippi Railroad Corporation*
5.3	Dakota, Minnesota & Eastern Railroad Corporation*
2.5	Ann Arbor Railroad
1.8	Columbus and Greenville Railway**
0.4	Pioneer Valley Railroad
$17.6	

* Application submitted.
** Application withdrawn.

In the section 511 loan guarantee program, no applications were pending at the beginning of fiscal year 1988; the program is inactive.

SALE OF LOAN ASSETS

As provided in the fiscal year 1988 budget, the Administrator has undertaken to sell to the private sector in fiscal year 1988 as many of the outstanding Title V loans as possible. The disposition of the loan assets is to be attained through either a prepayment of loan securities by the issuers of the securities, a private placement sale or a public offering. Management of the sales activity will include consultation with officials of the Department of the Treasury and outside financial advisors to realize the maximum return to the Government.

EMERGENCY RAIL SERVICES ACT OF 1970

Subject to annual limitations, ERSA authorizes the Secretary, after consulting with the ICC, to guarantee at any one time up to $200 million of certificates issued by the trustees of railroads undergoing reorganization to provide working capital for continuation of essential transportation services threatened by imminent cessation. The Secretary's authority has been delegated to the Administrator. No ERSA guarantees were provided for in the fiscal year 1987 appropriations act; none are provided for in fiscal year 1988. The former Milwaukee was the last railroad with outstanding loans guaranteed under ERSA. Information on the disposition of ERSA and Title V loans to the Milwaukee was presented in the previous report.

EXHIBIT 1

RAILROAD REHABILITATION AND IMPROVEMENT FINANCING

RAILROAD REVITALIZATION AND REGULATORY REFORM ACT OF 1976 - TITLE V

AS OF SEPTEMBER 30, 1987

($ Millions)

	Total Appropriated	Total Obligated		Amount Available for Obligation	Total Drawdowns	Principal Outstanding	
		($)	Agreements			($)	Agreements
Section 505	$624.8 1/	$605.5 2/	34	$17.6 3/ 4/	$559.6 2/	$550.8	22
Section 511	600.0 5/	271.0	14	-0- 5/	247.4	55.4	6
		$876.5	48	$17.6	$807.0	$606.2	28

1/ Net after rescissions, transfers and sequestration.

2/ Does not include $3M in grant funds provided to the Bloomer Shippers Railway Redevelopment League.

3/ On September 30, 1985, $1.7 million lapsed under provisions of the 1984 DOT Appropriations Act.

4/ Designated by Congress as follows:

$ 7.6	Gulf and Mississippi Railroad Corporation
5.3	Dakota, Minnesota & Eastern Railroad Corporation
2.5	Ann Arbor Railroad
1.8	Columbus and Greenville Railway
0.4	Pioneer Valley Railroad
$17.6	

5/ Subject to annual limitations enacted through the appropriations process. No guarantee authority provided for FY 1987 or FY 1988.

EXHIBIT 2

RAILROAD REHABILITATION AND IMPROVEMENT FUND
SECTION 505
AS OF SEPTEMBER 30, 1987

Deposits	($ Millions)
Advances against Fund Anticipation Notes Issued to the Secretary of the Treasury 1/	$ 562.6
Interest/Dividends and Redemption Payments on Securities Purchased 2/	7.3
Appropriations	-0-
Income and Gains from Investments	-0-
Total Deposits	$ 569.9
Disbursements	
Drawdowns Provided to Recipients under Financial Assistance Agreements	$ 562.6
Payments of Principal on Fund Anticipation Notes	7.2
Payments of Interest on Fund Anticipation Notes	0.1
Total Disbursements	569.9
Net Funds in Account	$ -0-

Fund Assets		
Securities Purchased Pursuant to Section 505 ($10,000 initial par value each)		
Equity		38,373 redeemable preference Shares
Chicago and North Western Transportation Co.	14,447	
Peoria and Pekin Union Railway Company	349	
Illinois Central Gulf Railroad Company	15,253	
St. Louis-Southwestern Railway Company	5,265	
Delaware and Hudson Railway Company	466	
Boston and Maine Corporation	2,593	
Debt		10,377 notes/bonds
Hooper-Myron Corporation	210	
South Dakota Railroad Authority	2,939	
Oklahoma, Kansas and Texas Rail Users Association	2,500	
Beverly-Royal Slope Port District	70	
Chicago and North Western Transportation Co.	1,612	
Mid-States Port Authority	1,791	
INRC, Inc.	340	
Delta Transportation Company	65	
Heartland Rail Corporation	374	
Michigan Interstate Railway Company	227	
New York, Susquehanna & Western Railway Corp.	249	
Other Receivables Held in the Fund		$ 56.7 3/
Soo Line note for section 505 debt of Chicago, Milwaukee, St. Paul and Pacific Railroad Company Trustee assumed by the Soo (original principal value)	$ 56.7 3/	
Investments		-0-

Note: Footnotes on Page 2.

EXHIBIT 2

1/ Advances Against Fund Anticipation Notes
Drawdowns Provided to Recipients

Agreement	Amount
Milwaukee Road	$ 9.1
Milwaukee Road	24.4
Milwaukee Road	17.4
Milwaukee Road	5.8
Chicago and North Western	24.5
Chicago and North Western	120.0
Chicago and North Western (Reprog.)	1.4
Chicago and North Western	14.7
Illinois Central Gulf	23.8
Illinois Central Gulf	79.1
Illinois Central Gulf	49.6
Columbus and Greenville	4.0
Columbus and Greenville	4.4
Peoria and Pekin Union	3.5
Boston and Maine	25.9
Rock Island	1.6
St. Louis Southwestern	48.3
St. Louis Southwestern	4.3
Hooper-Myron Corporation	2.1
Directed Service	5.4
Delaware and Hudson	4.7
State of South Dakota	29.4
Bloomer Shippers League	3.0
INRC, Inc. (Iowa Northern)	3.4
Oklahoma, Kansas, Texas Rail Users	25.0
Beverly-Royal Slope	0.7
Mid-States Port Authority	17.9
Delta Transportation Company	0.7
Heartland Rail Corporation	3.7
Michigan Interstate Railway	2.3
New York, Susquehanna & Western	2.5
	$562.6

2/

$1.6	Rock Island Settlement
0.9	Chicago and North Western Payments
4.2	Columbus and Greenville Repurchase
0.4	INRC Payments
0.2	Hooper-Myron Payment
$7.3	

3/ Incorporated in Soo Promissory Note "C"--total principal value $68.8 million, including capitalized interest and debt outstanding under Emergency Rail Service Act of 1970.

EXHIBIT 3

LOAN GUARANTEE FUND
SECTION 511
AS OF SEPTEMBER 30, 1987

Investigation Fees 1/	$1,478,842.96
Premium Charges 2/	2,428,054.06
Earnings on Investments	1,275,307.18
Accrued Interest on Purchase of Notes	(11.11)
Premium on Purchases of Notes	(93,237.51)
Adjustments on Return of Advances	27,749.28
Withdrawals--Other than Investments 3/	(4,935,303.39)
Total Fund as of September 30, 1987	$ 181,401.47
Investments in Obligations of United States 4/	$ 176,219.54
Available for Investment	5,181.93
Total Fund as of September 30, 1987	$ 181,401.47

	1/Investigation Fees	2/ Premium Charges
Missouri-Kansas-Texas	$ 54,125.00	$491,289.51
Milwaukee Road	160,918.22	946,638.56
Rock Island	110,299.76	46,168.14
Chicago and North Western	1,058,852.12	790,563.25
Delaware and Hudson	12,234.86	93,594.60
Auto Train	5,658.00	
Regional Transportation Authority	57,500.00	
Apache Railway	3,630.00	
Escanaba and Lake Superior	3,125.00	
United States Railway Association/MKT	9,375.00	44,800.00
Delta Transportation Company	3,125.00	15,000.00
	$1,478,842.96	$2,428,054.06

3/ On March 25, 1982 and September 23, 1982, outstanding investments were redeemed and the proceeds transferred to the Federal Financing Bank to carry out (in part) the Secretary's responsibilities with respect to the failure by the Delaware and Hudson Railway Company to make payments which were due the FFB on February 25, 1982 and August 25, 1982 for assistance provided under section 511 of the Railroad Revitalization and Regulatory Reform Act of 1976. Also, on December 24, 1985, and September 30, 1987, Loan Guarantee Fund assets were applied in connection with the Administrator's agreements with Soo Line Corporation and FFB to satisfy prepayment penalties resulting from the Soo's satisfaction of amounts due FFB for Milwaukee obligations assumed by the Soo.

4/Investments

$ 14,074.50	6.17% Bill of 04/14/88
46,617.04	6.71% Bill of 05/12/88
28,157.55	6.39% Bill of 05/12/88
84,370.45	6.29% Bill of 06/09/88
3,000.00	13.625% Note of 06/30/88
$ 176,219.54	

EXHIBIT 4

RAILROAD REVITALIZATION AND REGULATORY REFORM ACT OF 1976
AGREEMENTS EXECUTED
AS OF SEPTEMBER 30, 1987

($ in Millions)

BY APPLICANT	SECTION 505	SECTION 511
Beverly-Royal Slope Port District	$ 0.7	
Boston and Maine Corporation	26.0	
Chicago, Milwaukee, St. Paul and Pacific Railroad Company	58.7 1/	$ 115.7 2/
Chicago and North Western Transportation Co.	162.6 2/	70.2 1/
Columbus and Greenville Railway/Delta Transportation Company	9.5 2/	2.5
Chicago, Rock Island and Pacific Railroad Company	1.6	22.9
Delaware and Hudson Railway Company	4.7	8.9
Delaware Otsego Corporation/New York Susquehanna and Western Railway Corporation	4.1	
Detroit and Mackinac Railway Company	3.4	
Heartland Rail Corporation	6.2	
Hooper-Myron Corporation	2.1	
Illinois Central Gulf Railroad Company	166.5 2/	
INRC, Inc. (Iowa Northern)	3.4	
Michigan Interstate Railway Company	2.4	
Mid-States Port Authority (Kansas)	18.0	
Missouri-Kansas-Texas Railroad Company		43.3 2/
Oklahoma, Kansas and Texas Rail Users Association	25.0	
Peoria and Pekin Union Railway Company	5.7	
St. Louis Southwestern Railway Company	53.5 3/	
State of South Dakota	30.0	
United States Railway Association/Missouri-Kansas-Texas Railway Company		7.5
Tri-County Commuter Rail Organization (Fla.)	16.0	
RITEA Directed Service	5.4 1/	
TOTAL	$ 605.5 *	$ 271.0

1/ 4 Agreements
2/ 3 Agreements
3/ 2 Agreements

*In addition, $3.0 million of section 505 funds transferred and provided as a conditional grant to the Bloomer Shippers Railway Redevelopment League.

EXHIBIT 5

Railroad Revitalization and Regulatory Reform Act of 1976
Title V - Principal Outstanding
As of September 30, 1987

	($ Millions)		
	Section 505	Section 511	Total
Beverly-Royal Slope Port District	$ 0.7		$ 0.7
Boston and Maine Corporation	25.9		25.9
Soo Line Corporation (Milwaukee)	64.5 1/		64.5
Chicago and North Western Transportation Company	159.7	$ 27.3	187.0
Delaware and Hudson Railway Company	4.7		4.7
Delta Transportation Company (C&G)	0.7	2.5	3.2
Heartland Rail Corporation	3.7		3.7
Hooper-Myron Corporation	1.9		1.9
Illinois Central Gulf Railroad Company	152.5		152.5
INRC, Inc., (Iowa Northern)	3.3		3.3
Michigan Interstate Railway Company	2.3		2.3
Mid-States Port Authority (Kansas)	17.9		17.9
Missouri-Kansas-Texas Railroad Company		25.6	25.6
Oklahoma, Kansas and Texas Rail Users Association	25.0		25.0
Peoria and Pekin Union Railway Company	3.5		3.5
St. Louis Southwestern Railway Company	52.6		52.6
State of South Dakota	29.4		29.4
New York, Susquehanna & Western Railway Corporation	2.5		2.5
Total	$550.8	$ 55.4	$ 606.2

1/ Promissory Note "C", which, in addition, includes $4.3 million of ERSA debt outstanding.

SENATOR LAUTENBERG: Provide the safety accident/ incident statistics for 1987.

ANSWER: The information follows:

SUMMARY OF ALL CASUALITIES BY TYPE OF ACCIDENT/INCIDENT AND TYPE OF PERSON

Type	% Of Total		Total Cases		...Killed..		..Injured..		..Illness..	
Accident/Person	1986	1987	1986	1987	1986	1987	1986	1987	1986	1987
TRAIN ACCIDENTS - RAIL EQUIPMENT ACCIDENT/INCIDENT CASUALTIES										
EMPLOYEE ON DUTY.....	.80	.90	224	242	8	16	215	224	1	2
EMPLOYEE NOT ON DUTY.	.04	.03	12	7	---	---	12	7	---	---
PASSENGER ON TRAIN...	1.26	.84	354	225	---	15	354	210	---	---
NONTRESPASSER........	1.30	.01	365	4	---	1	365	3	---	---
TRESPASSER...........	.02	.03	6	8	5	3	1	5	---	---
CONTRACTOR EMPLOYEE..	---	---	---	---	---	---	---	---	---	---
TOTAL............	3.43	1.81	961	486	13	35	947	449	1	2
TRAIN INCIDENT CASUALTIES										
EMPLOYEE ON DUTY.....	12.45	12.10	3,489	3,251	19	20	3,432	3,184	38	47
EMPLOYEE NOT ON DUTY.	.04	.03	12	8	1	---	11	8	---	---
PASSENGER ON TRAIN...	.37	.38	103	102	4	1	99	101	---	---
NONTRESPASSER........	.18	.19	50	51	9	10	41	41	---	---
TRESPASSER...........	2.72	2.96	762	796	372	435	390	361	---	---
CONTRACTOR EMPLOYEE..	.04	.04	12	11	1	3	11	8	---	---
TOTAL............	15.81	15.70	4,428	4,219	406	469	3,984	3,703	38	47
NONTRAIN INCIDENT CASUALTIES										
EMPLOYEE ON DUTY.....	66.50	67.63	18,629	18,174	28	18	18,425	17,904	176	252
EMPLOYEE NOT ON DUTY.	1.29	1.38	362	371	1	1	361	367	---	3
PASSENGER ON TRAIN...	.61	.54	170	146	---	---	170	146	---	---
NONTRESPASSER........	.67	.86	187	231	3	4	184	227	---	---
TRESPASSER...........	.32	.35	90	95	21	15	69	80	---	---
CONTRACTOR EMPLOYEE..	.40	.51	113	137	3	---	109	137	1	---
TOTAL............	69.79	71.28	19,551	19,154	56	38	19,318	18,861	177	255
RAIL-HIGHWAY GRADE CROSSING ACCIDENT/INCIDENT CASUALTIES (EXCLUDED FROM ABOVE CATEGORIES)										
EMPLOYEE ON DUTY.....	.36	.44	102	119	2	1	100	117	---	---
EMPLOYEE NOT ON DUTY.	---	.00	---	1	---	---	---	1	---	---
PASSENGER ON TRAIN...	.22	.01	63	4	---	---	63	4	---	---
NONTRESPASSER........	9.07	9.42	2,542	2,532	493	482	2,049	2,050	---	---
TRESPASSER...........	1.31	1.32	367	356	121	129	246	227	---	---
CONTRACTOR EMPLOYEE..	---	.01	---	2	---	---	---	2	---	---
TOTAL............	10.97	11.22	3,074	3,014	616	612	2,458	2,401	---	---
GRAND TOTALS BY TYPE OF PERSON										
EMPLOYEE ON DUTY.....	80.12	81.07	22,444	21,786	57	55	22,172	21,429	215	301
EMPLOYEE NOT ON DUTY.	1.38	1.44	386	387	2	1	384	383	---	3
PASSENGER ON TRAIN...	2.46	1.78	690	477	4	16	686	461	---	---
NONTRESPASSER........	11.22	10.49	3,144	2,818	505	497	2,639	2,321	---	---
TRESPASSER...........	4.37	4.67	1,225	1,255	519	582	706	673	---	---
CONTRACTOR EMPLOYEE..	.45	.56	125	150	4	3	120	147	1	---
TOTAL............	100.00	100.00	28,014	26,873	1,091	1,154	26,707	25,414	216	304

NOTE: Rail-highway crossing casualties include those occurring at both public and private crossings

SENATOR LAUTENBERG: Provide the number of inspections, fines, and penalties for fiscal years 1985, 1986 and 1987.

ANSWER:

	Total Inspections	Civil Penalties Assessed
1985	67,926	$ 7,360,350
1986	71,001	5,731,150
1987	69,201	7,726,500

SENATOR LAUTENBERG: Provide a comparison of fatalities, injuries, and accidents in the railroad industry for fiscal years 1986, 1987, and 1988 to date.

ANSWER: No accident/incident data is available to date for fiscal year 1988.

Our preliminary analysis of 1987 accident/incident data (a 12-month projection based on 11 months of data) indicates train accidents dropped approximately 10 percent from 2,761 in 1986 to 2,474 in 1987. This decrease represents a total reduction of 78 percent since 1978, the worst year for train accidents.

Fatalities at rail-highway crossings decreased in 1987, going from 616 in 1986 to 593 in 1987, a reduction of 3.7 percent. This is an improvement of 44 percent since the peak year of 1978 in which 1,064 died at rail-highway crossings.

Employee fatalities also decreased slightly in 1987, going from 57 in 1986 to 53 in 1987, a reduction of 7 percent. This represents a 56 percent improvement since 1978 when 122 employees lost their lives.

The employee injury rate increased slightly in 1987, going from 6.88 in 1986 to 7.03 in 1987 per 200,000 hours worked. This shows a continued improvement since the worst year, 1979, in which the rate was 12.5.

Total rail-related fatalities increased in 1987 by 3 percent from 1,091 in 1986 to 1,128 in 1987. This is an improvement, however, of 31 percent since 1978 when 1,646 people died in rail-related accidents and incidents. The increased number of fatalities was due to an increase in trespasser fatalities (not at grade crossings) which increased from 369 in 1986 to 411 in 1987.

SENATOR LAUTENBERG: What is the status of the Bangor, Maine safety office? Has FRA complied with Committee direction regarding this office?

ANSWER: Per Congressional direction, FRA is not presently planning to close the Bangor, Maine, office. FRA's earlier decision to close the Bangor office was consistent with FRA's ongoing policy to close two-person field offices in the interest of efficiency.

FRA had planned to realize significant productivity improvements by bringing the Bangor positions into the Cambridge office through administrative control and more effective utilization. Employees can be supervised more closely and effectively when they are located in the same office as their supervisor. This decision would not have had any effect on the frequency or duration of inspections in Maine but would improve inspector utilization.

SENATOR LAUTENBERG: What is the status of FRA's $735,000 fine against Guilford Transportation Industries? Why didn't Guilford agree to a negotiated settlement? What are the legal issues in this case?

ANSWER: Because of Guilford's failure to engage in good faith negotiations, FRA has referred to the Department of Justice approximately 650 safety claims having an assessed value of approximately $735,000. FRA is now working with Justice to prepare for the filing of a lawsuit for recovery of that amount. Guilford's motivations are unknown to FRA. The legal issues will be simple, but painstaking and burdensome to litigate: for each of the 650 claims, did Guilford commit the violation alleged?

SAFETY EQUIPMENT TAMPERING

SENATOR LAUTENBERG: Last year, before this committee, you cited safety device tampering as a major problem. How many more cases of tampering have you found since the Chase accident?

ANSWER: FRA has found 79 cases of tampering since the Chase accident.

SENATOR LAUTENBERG: What changes can FRA make in its inspection procedures to make tampering evident?

ANSWER: Locomotive engineers that tamper with safety devices are usually very careful in not committing acts of tampering in the presence of FRA inspectors or railroad management personnel and in removing any evidence of tampering when they end their tour of duty and leave the locomotive.

The safety devices used by the railroads to keep crewmembers alert fall into two categories: passive devices or active devices. The passive device that is most prevalent on locomotives is the pneumatic foot pedal, commonly referred to as "the dead man pedal," which requires that the foot valve be continuously depressed while the locomotive is operating and the brakes are released. This device is nullified very easily by keeping the pedal depressed, by other than the engineer's foot, which can be done with a heavy object such as a brake shoe, tie plate, flag stick or a brake hose. A Federal inspector observes this situation when inspecting locomotives that are in service and the engineer is taken unaware and has no time to remove the improper object. The foot pedal will also be found depressed when locomotives are inspected at enginehouses or fuel servicing tracks and are not in service. The inspector will determine whether the depressed foot pedal is tampered with or depressed for a justifiable cause, and take suitable action to correct any potentially unsafe condition.

The active device such as the Crew-Caller or the Pulse Train Sentry II alerter device is designed to continually monitor the alertness device of the engineer. After a predetermined period, in the absence of a detectable control movement, the system requests an acknowledgement by means of an audible alarm. This alerter mechanism requires the engineer to reset the apparatus, usually every 60 seconds. These devices are more difficult to tamper with but may be found to be cut out and inoperable. A Federal inspector tests these devices to determine whether they are cut in and functioning properly. If they are cut out for any reason, except that the device failed on line on the road, the inspector may cite the carrier for a violation of the Locomotive Safety Standards.

Locomotives are inspected on a regular basis by Federal inspectors. At major yard and shop locations where large numbers of locomotives and trains are dispatched, inspections are usually performed every several weeks. At smaller locations inspections may be performed every four to six weeks. The district Federal inspector may adjust this schedule to conditions that arise and to correct areas of noncompliance on a specific railroad. The inspection performed by the Federal inspector covers all items on the locomotive specifically covered by FRA regulations and this would include the condition of the crew alerting safety control devices.

It is possible that event recorders could be redesigned to record when an ATC angle cock has been turned; we are now discussing that possibility with representatives of the supply industry. Of course, under our ATCS system, any act of tampering would be immediately evident to the dispatcher.

SENATOR LAUTENBERG: Do the rail safety rules now being conferenced give you the necessary power to deter or prevent such occurrences?

ANSWER: Yes, we believe that the enforcement jurisdiction over individuals both bills would give FRA will go a long way toward deterring tampering with railroad safety equipment. If enacted, that jurisdiction will for the first time permit FRA to sanction the individuals responsible for such conduct.

SENATOR LAUTENBERG: How widespread is tampering? Please elaborate.

ANSWER: Since the Chase, Maryland, accident, the FRA identified 79 cases of tampering. This is probably the "tip of the iceberg," since one assumes that most employees who do tamper take the evidence with them when they leave the shift. In the recent Conrail assessment, FRA inspectors found 8-9 percent of the locomotives inspected with defects that were largely the result of vandalism or tampering on the part of Conrail employees.

We are currently investigating two recent accidents where tampering is suspected to be a major contributing cause. One is almost certainly due to tampering. This recent accident supports the effort that is being made by FRA to have legislation passed that will hold persons found tampering with or deactivating safety devices liable for such action.

REGIONAL RAIL STUDY

SENATOR LAUTENBERG: This Committee directed FRA to submit a report on deferred maintenance and delayed capital investments on Class II and III railroads. What is the status of that report?

ANSWER: FRA staff is in the process of assessing the availability of data and we have been working with the industry associations that represent Class II and III railroads for assistance in this regard.

The scope of the study addresses a broad range of issues in addition to the deferred maintenance question, including:

- divertability of traffic to other modes;
- a review of small railroad failures and the reasons;
- an analysis of the availability of private sector financing;
- an accounting of the mileage transferred to create new Class II and Class III railroads;
- an estimate of the miles of line likely to be transferred in the future; and
- an evaluation of the initial rehabilitation assessments made for lines transferred since the Staggers Act.

A survey instrument has been designed to gather information regarding the condition of the track and track structure, the historical cost of track rehabilitation and the anticipated source of funding for track rehabilitation. The survey instrument has been pretested on nine railroads and the results are being reviewed. In addition to the proposed survey, there will be a limited field engineering analysis of selected survey returns to confirm the reasonableness of the survey responses.

SENATOR LAUTENBERG: Originally, the report was requested for 180 days following bill enactment (December 22). Will you meet that timetable? If not, why not?

ANSWER: In order to perform the full comprehensive demands of the study, we would require an extension of the due date to November 30, 1988 which would allow sufficient time to submit the engineering contract for bid, analyze the results of the survey and engineering study, and receive clearance from the Office of the Secretary and the Office of Management and Budget.

The study task is complicated since there are no formal filing requirements by the Interstate Commerce Commission for Class II and Class III railroads to provide economic and operating data, precluding a readily available data base except for selective information gathered for specific purposes by some individual organizations. The Federal Railroad Administration staff has informally discussed a study design with the Shortline Association and the Regional Railroads of America. Because of the limited information available, the general consensus supports a study design that would include a survey of most Class II and Class III railroads to develop a data base, and a limited field engineering analysis of selected railroads to provide an independent assessment of proposed needs and work plans. Additional research will be done as necessary and literature relevant to the subject will be reviewd.

GUILFORD REVIEW

SENATOR LAUTENBERG: What is the status of the Committee-Directed Review of Guilford's plans, practices and procedures?

ANSWER: On February 21, 1988, the FRA began a system assessment of Guilford Transportation Industries railroad system in New York, Pennsylvania and all of New England. The railroads involved include Springfield Terminal, Boston and Maine, Maine Central, Portland Terminal and the Delaware and Hudson. The assessment is currently on schedule with about half your planned program completed.

RULEMAKING

SENATOR LAUTENBERG: What rulemakings has FRA issued the past two years?

ANSWER: Rulemakings have been issued in the following areas:

Train Braking Systems. As part of its ongoing effort to update its regulations to accommodate technological innovations, FRA amended the power brake rules in May 1986. The change in the rules permits use of a telemetry device that provides, in the cab of the controlling locomotive, a continuous readout of the brake pipe pressure at the rear of the train. The change sanctions the use of this device as an alternative to reliance on a gauge at the end of the train and visual observation of the set and release of the brakes on the rear car of the train during intermediate terminal air brake tests.

Rear End Marking Devices. In July 1986, FRA made related changes to two other rules to respond to the introduction of this telemetry technology. The changes to the marker rules permitted reliance on electronic monitoring of the condition of the markers in lieu of visual observations and permitted the railroads greater flexibility in selecting the personnel who will perform visual checks when telemetry devices are not employed. FRA also adopted new procedures to protect non-train crew members who perform this function.

Accident Reporting. In December 1986, FRA updated its Accident/Incident reporting threshold to reflect cost increases that had been occurring so as to ensure that a uniform accident data base is being maintained.

Automatic Train Control. In November 1987, FRA issued a final rule requiring automatic train control for all trains operating on the Northeast Corridor.

SENATOR LAUTENBERG: What additional rulemakings are you proposing for this year? For fiscal year 1989?

ANSWER: Rulemakings are planned in the following areas:

Alcohol and Drug Use. As a result of its February 1987 hearing, FRA has concluded that a number of technical amendments should be made to its rule. We intend to conduct a rulemaking during 1988 to accomplish that purpose. In addition, FRA will conduct a rulemaking to consider the addition of random testing to its rule in 1988.

Tank TOFC/COFC of Hazardous Materials. FRA and RSPA have considered the record created under the Advance Notice of Proposed Rulemaking and intend to proceed to issuance of a Notice of Proposed Rulemaking during 1988.

Communications. FRA held a public hearing in January of 1987 on communications issues in the railroad industry. Since that time, FRA has reviewed both the oral record from the hearing and all written documents submitted to the docket. We hope to complete the rulemaking this year (although it could be delayed if regulatory mandates in the safety bill reauthorization must be given priority).

Locomotive Cab Safety. FRA has worked closely with manufacturers and representatives of the various rail constituencies to formulate a proposal for a model locomotive cab compartment. The Locomotive Cab Compartment Committee, an organization of interested parties formed to advance safety improvements in this area, will proceed with construction of a model cab based on a finalized version of these efforts, with September as the tentative time-period. However, since considerable progress has been made on these issues, and the Committee's work can continue without the public hearing, this would be the first candidate for continuance into 1989 should regulatory mandates in the Safety Bill make it impossible to stage all of the regulatory hearings we are desirous of staging in the current calendar year. We are hopeful, however, that the hearing can be completed this year.

Train Placement of Hazardous Material Cars. We expect to issue a notice of proposed rulemaking on this key issue sometime in 1988.

Railroad Dispatchers. The FRA team's thorough review of every dispatching office in the nation is approximately 80 percent complete. A report of its findings should be available this summer.

Automatic Train Control. In November 1987, FRA issued a final rule requiring that all locomotives operating on the Northeast Corridor be equipped with automatic train control devices. In a current proceeding, FRA is considering whether to extend this requirement to four branch lines off the NEC spine.

SENATOR LAUTENBERG: Depending on conference outcome, the safety bill may require FRA to issue a number of new rulemakings. Please list them.

ANSWER: Provisions in one or both bills would, implicitly or explicitly, require rulemakings to:

- amend our current regulations to take account of the extension of our enforcement jurisdiction to include individuals;
- establish procedures for disqualification of individuals who violate FRA safety rules;
- amend our current regulations to take account of revised civil penalty dollar levels;
- establish engineer qualification standards, including provisions to take motor vehicle driving records into account;
- address tampering with safety devices;
- consider issues relating to the safety of maintenance-of-way workers;
- require certification of testing of train control devices;
- require automatic train control on the Northeast Corridor (already completed);
- consider safety at grade crossings on college campuses;
- require the installation of event recorders on freight trains;
- require the fencing of rail yards in heavily populated areas; and
- amend our current accident reporting regulations to require that employees have the opportunity to submit statements concerning alleged human-factor accidents.

SENATOR LAUTENBERG: How will FRA manage its resources to comply with Congressional intent regarding rulemakings?

ANSWER: Clearly, if all these provisions were enacted, FRA would face a challenge unprecedented in its history at a time when our legal resources are already spread thin on enforcement activities. The four additional safety attorneys FRA has requested would be of considerable help in managing this workload. The best hope for successful performance of the new initiatives Congress may enact, however, is our working with conference staff to develop realistic statutory schedules.

BUDGET--RECORD QUESTIONS

SENATOR LAUTENBERG: Please describe FRA's FERS experience. That is, how much has been requested in the past versus the actual costs?

ANSWER: In October 1986, the Office of Management and Budget (OMB) issued Bulletin 87-2 establishing policies and procedures for estimating budget increases needed to cover additional agency retirement contributions associated with the new Federal Employees'

Retirement System (FERS) for each Fiscal Year from FY 1987 through FY 1992. Based on standard FERS participation assumptions, cost projections were made for the Civil Service Retirement System (CSRS) and FERS-related basic benefits, thrift plan contributions and social security payments. The FY 1989 participation rates assumed that 54 percent of all employees would be enrolled in FERS and 46 percent would remain in the CSRS system. The FERS estimate was comprised of 23 percent of post-1983 hires and 31 percent of CSRS conversions. Consistent with these assumptions, FRA projected that $623,000 would be needed in the Office of the Administrator appropriation to cover additional retirement costs in FY 1989. Similarly, the projected FERS funding was $1,193,000 for the Railroad Safety appropriation and $50,000 for the Railroad Safety Research and Development appropriation.

At the end of the FERS Open Season, FRA determined 8.6 percent of the Office of the Administrator employees were enrolled in FERS. This proportion included 6.3 percent of post-1983 hires and 2.3 percent of CSRS conversions. Of the Railroad Safety employees, 15.7 percent were enrolled in FERS, comprised of 14.7 percent of post-1983 hires and 1.0 percent of CSRS conversions. None of the Railroad Safety Research and Development employees converted to FERS.

SENATOR LAUTENBERG: How did FRA develop the 1989 FERS request?

ANSWER: FRA's FY 1989 budget request for FERS retirement costs, in each of the three appropriation accounts was based on OMB's initial guidelines but the standard estimates were revised consistent with adjustments to the FY 1988 appropriations.

Office of the Administrator - The original FY 1988 estimate of $575,000 was reduced $85,000 by a Presidential amendment. The House allowance further reduced FERS to $450,000 in FY 1988. In December 1987, the Continuing Resolution reduced the Salaries and Expenses in this appropriation by $1,069,000, including the Gramm-Rudman-Hollings deficit reduction. As a consequence, FRA reduced FERS related expenses to $72,000 based on preliminary results of the FERS Open Season.

Consistent with these FY 1988 funding decisions, FRA reduced the original FY 1989 FERS estimate of $623,000 to the $506,000 request in the budget submission to Congress. Based on actual FERS participation to date, the FY 1989 request could be reduced to $137,000. However, if another open season is held in the next 18 months, additional conversions would require additional funding.

Railroad Safety - The original FY 1989 estimate of $1,193,000 was reduced to $716,000 consistent with the adjustments made by the FY 1988 Presidential amendment and the FY 1988 Continuing Resolution. The total FY 1989 request includes $619,000 for Federal Enforcement inspection personnel and $97,000 for the Safety Regulation and Program Administration support staff.

Because of the high turnover of safety inspection personnel, the current FERS participation rate (15.7 percent) could increase near the assumed 23 percent rate for post-1983 hires. Based on actual participation, the FY 1989 FERS request could be reduced to $619,000 unless another open season is scheduled.

Railroad Safety Research and Development - Because of the absence of FERS participation, the $38,000 increase requested in FY 1989 could be deleted unless another FERS open season is scheduled.

SENATOR LAUTENBERG: How do you intend to spend the $120,000 for labor/human resource policy?

ANSWER: Funding will continue to be used for promoting voluntary alcohol and drug prevention programs modeled on Operation: Red Block. Whereas much of the labor-management funding previously was used to subsidize demonstration projects on labor-management cooperation, the current program will allow us to focus on broader areas such as assessing the effectiveness of alcohol/drug prevention programs, examining the training needs and qualifications of Employee Assistance Program (EAP) counselors and other areas relating to human factors and improved employee safety.

The labor/human resource program will also provide the FRA Policy Office with the ability to undertake economic analyses of current human resource issues such as: the decline in employment and its implications, the labor aspects of the growth of shortline and regional railroads and proposed changes to rail labor laws.

The labor/human resource program will also be responsible for monitoring the upcoming labor negotiations and to advise and formulate policy relative to emerging disputes and strikes.

SENATOR LAUTENBERG: How did you achieve $126,000 in railroad safety productivity savings?

ANSWER: The $126,000 reduction in administrative expenses is a 1 percent across-the-board Presidential cost-saving initiative to reduce the deficit in FY 1989 which must be taken by each mode and in each account.

Under FRA's productivity measurement program, regional offices will be used to study ways to improve the performance of the field workforce. The productivity measurement data in conjunction with the safety inspector staffing model are being used to improve FRA's annual national inspection plan. The productivity measurement system is expected to increase both the quality and the quantity of inspections. FRA is comparing the average time it takes individual inspectors to complete specific work activities. In this way, FRA is not only focusing on developing more efficient approaches for those taking an inordinate amount of time, but is also ensuring that these activities are being performed thoroughly. Since FRA does not intend to reduce the number of inspectors, the primary benefits of improved productivity will be in the form of increased inspections, not dollar savings.

SENATOR LAUTENBERG: What are the estimated total costs for the T-10 overhaul program? How are you spending the funds provided in FY 1988?

ANSWER: The estimated total costs for the T-10 overhaul program is approximately $140,000.

The funds provided in FY 1988 will be used for maintenance to overhaul the propulsion diesels, to replace the gauge measurement system, to upgrade the data collection system and clean and inspect the air brakes.

SENATOR LAUTENBERG: Why is $75,000 needed to oversee the University of Utah's drug and alcohol testing program? Will this be an ongoing request?

ANSWER: The toxicological testing of blood and urine is a complex process. It is imperative to the success and integrity of the FRA program that the test results are correct and will withstand thorough scrutiny.

The Center for Human Toxicology at the University of Utah has one of the best reputations in the industry for providing accurate results. The contractor review will provide assurance that the highest quality procedures are being used.

The FRA contractor will review qualifications of key personnel, laboratory security systems, administrative records, equipment records, testing protocols, reported result files and quality control procedures. The contractor will also implement an open and blind sample testing program.

When the National Institute on Drug Abuse laboratory certification program becomes effective, FRA may be able to lower the level of this effort. In the meantime, this is a vital function that FRA must continue on an annual basis.

SENATOR LAUTENBERG: What is the status of the $10 million provided for the Conrail Commuter Rail Service subsidy to SEPTA?

ANSWER: In the summer and fall of 1987, SEPTA and the FRA exchanged draft versions of a grant agreement that would provide SEPTA with $10 million to rehabilitate bridges on its rail commuter system. A signature ready copy of the grant agreement was sent to SEPTA in late January 1988. SEPTA staff has told FRA that the agreement would be returned for FRA signature in early April. SEPTA has begun some preliminary design work for which it can receive FRA reimbursement once the agreement is signed.

SENATOR LAUTENBERG: List those employees (and amounts) receiving SES bonuses the past three fiscal years.

ANSWER: The following table shows the information:

	1986	1987	1988
William E. Loftus Executive Director	$4,020	---	$6,575
Joseph W. Walsh Assoc Administrator for Safety	$4,020	---	$6,575
Louis S. Thompson Assoc Administrator for Passenger & Freight Services	$6,140	---	---
Raymond Rogers Assoc Administrator for Administration	---	$6,600	$4,125
Philip Olekszyk Dep Assoc Administrator for Safety	---	$4,750	$4,125
Thomas F. Ferrara Dep Assoc Administrator for Policy	---	$6,850	---

SENATOR LAUTENBERG: Why did the amount requested for contract support double between 1988 and 1989?

ANSWER: $1,120,000 of the request is for Policy contracts. $400,000 in increases for FY 1989 will provide for analysis of changes in the industry, contract manpower escalations, special study requirements in labor/human resource issues and replacement of computer equipment for the rail network and waybill statistics analyses.

The Office of Policy is planning to develop the following projects which will need contract support:

- The Railroad Employees Assistance Program -- a project to develop the skills of program counselors in the area of alcohol and drug abuse prevention.

- Shortline Study -- a project to determine costs, revenues and the financial structure of shortline railroads to assess the financial health of the industry.

- Single Line Service -- a project to quantify and assess the public benefits that are attributed to the creation of new single line services as a result of railroad mergers.

- Grain Contract Disclosure -- a project to study what effect the increased disclosure for agricultural contracts mandated by the Conrail Privatization Act has had on rail/shipper contracts for grain.

$300,000 of the additional funds are for special Amtrak studies to provide information to the Secretary as a member of the Amtrak Board of Directors. These analyses are to identify economies and sources of revenues to improve Amtrak service and reduce its subsidy needs.

SENATOR LAUTENBERG: How many inspectors, in what disciplines, and in what states are supported by the Fiscal Year 1988 Rail Safety Grant-In-Aid Program? How does this compare with Fiscal Year 1987?

ANSWER: The FY 1988 Rail Safety Grant-In-Aid Program differs only slightly from the FY 1987 program. The state of Utah does not plan to participate in the FY 1988 program, however, the state of Maine will be entering the program with three proposed trainee inspectors. The distribution of state inspectors by discipline has remained the same in FY 1988 for all but three states. The states of Oregon and Pennsylvania have one less Track Inspector in FY 1988, and the state of Texas has one less inspector in the Operating Practices discipline. The following table shows the distribution of state inspectors by state and by discipline.

Number of State Safety Inspectors

State	Track	Motive Power and Equipment	Operating Practices	Signal & Train Control	FY 88 Inspectors
Alabama	2	2			4
Arizona	1	1	1		3
California	2	1			3
Connecticut	1				1
Florida	3	2	1		6
Illinois	4				4
Iowa	3				3
Kansas	1				1
Louisiana	1				1
Maine	1T	1T	1T		+3T*
Maryland	1	2	1	1	5
Michigan	3				3
Minnesota	2				2
Missouri	3				3
Montana	1				1
Nebraska	1	1			2
Nevada	1				1
New Hampshire	1	1			2
New Jersey	1				1
New York	3	3			6
North Carolina	2	1			3
Ohio	3	4	1		8
Oklahoma	1				1
Oregon	1	2			3
Pennsylvania	3	3	1		7
South Carolina		1			1
Tennessee	2	2	1	1	6
Texas	4	3	2		9
Utah	-1	-1			-2*
Virginia	2				2
Washington	2	1	1		4
West Virginia	2	3	—	–	5
Total	58	34	10	2	104*

* State of Utah, with its two inspectors, intends to discontinue grant participation in FY 88 but this will be offset by State of Maine entering program with proposed 3 trainee (T) inspectors.

REPORT LANGUAGE EARMARKS

SENATOR LAUTENBERG: Does FRA expect to have to justify to OMB spending Committee earmarks in the Local Rail Service Assistance Program?

ANSWER: The Department has historically complied with Congressional guidance of this nature and is not precluded from compliance with the FY 1988 earmarkings for any technical, statutory or safety reason.

SENATOR LAUTENBERG: Has OMB contacted FRA on the necessity of justifying Committee report language earmarks for the Northeast Corridor Improvement Project?

ANSWER: OMB has made general inquiry concerning the North Philadelphia Station refurbishing for $4.8 million.

FOREIGN EQUIPMENT PURCHASES

SENATOR LAUTENBERG: Does Amtrak need to get permission from the FRA before it makes foreign equipment purchases?

ANSWER: Yes, for purchases of manufactured articles costing in excess of $1 million.

SENATOR LAUTENBERG: Under what authority does FRA have this review capability?

ANSWER: Section 305(k)(1) of the Rail Passenger Service Act requires Amtrak to purchase only "manufactured articles, materials and supplies which have been manufactured in the United States substantially all from articles, materials and supplies mined, produced or manufactured as the case may be in the United States," 45 U.S.C. 545 (k)(1). Sections 305(k)(2) and (3) authorize the Secretary of Transportation to grant exemptions to this requirement under certain circumstances, such as when rolling stock or power train equipment cannot be purchased and delivered in the United States within a reasonable time. The Secretary has delegated the authority to grant exemptions to the Federal Railroad Administrator.

SENATOR LAUTENBERG: Has Amtrak ever made a foreign equipment purchase that FRA needed to review? If so, please describe.

ANSWER: An exemption was provided for the purchase of stainless steel carbodies overseas for AEM 7 electric locomotives early in 1987. An earlier waiver was granted for acquiring larger gas turbine engines now being installed in Amtrak's fleet of gas turbine trains.

SENATOR LAUTENBERG: What criteria does FRA use if it reviews an Amtrak foreign equipment purchase?

ANSWER: FRA follows the provisions in Section 305(k)(2) which state that the Secretary of Transportation may, upon application of Amtrak, exempt the Corporation from the requirements of Section 305(k) if imposition of such requirements is not in the public interest, the cost of compliance would be unreasonable or the subject articles are not manufactured in the United States in sufficient and reasonably available quantities.

In addition, FRA follows the provisions in Section 305(k)(3) which state that an exemption may also be made with respect to the purchase of rolling stock or power train equipment if the Secretary determines that such equipment cannot be purchased and delivered in the United States within a reasonable time.

TMI NUCLEAR WASTE SHIPMENTS

SENATOR LAUTENBERG: The Federal Railroad Administration (FRA) is currently conducting an investigation regarding the Department of Energy's rail shipment of radioactive wastes from the Three Mile Island (TMI) Nuclear power plant. Specifically, the investigation focuses on a February 9, 1988, incident regarding the alleged misplacarding of a rail car coupled onto the train carrying wastes from TMI. The FRA has stated that a report on its investigation will be submitted to Congress by April 1, 1988. What is the status of the investigation and the report? Will the report be submitted to the Congress by April 1? If not, when will it be submitted?

ANSWER: The report was submitted to Congress on April 6, 1988. A copy follows:

Federal Railroad Administration

REPORT

on the
February 7, 1988 Train of
Reactor Debris from Three Mile Island, Pennsylvania

BACKGROUND:

This report summarizes a Federal Railroad Administration investigation of an incident of incorrect placarding -- a violation of the Hazardous Materials Regulations -- on the fourteenth movement of reactor debris from Three Mile Island, Pennsylvania.

As part of the clean up following the 1979 nuclear power plant accident at Three Mile Island, Pennsylvania, radioactive debris from the core of the reactor is being moved by railroad from TMI to a Department of Energy facility in Idaho Falls, Idaho. The shipments started on July 20, 1986; fourteen shipments have been completed to date.

The reactor core debris consists of approximately 150 tons of radioactive fuel and internal pieces of the reactor that blended with the fuel during a partial meltdown. As core debris is removed from the reactor, it is placed into a canister. Several canisters (as many as seven) are then placed into a reusable shipping cask which is loaded on a rail flat car. The casks are designed to hold about 10 tons of radioactive cargo, but, because of protective shielding and other safety devices, they have an empty weight of nearly 80 tons and only one cask is loaded on each flat car.

The shipments are handled in special train service (the cask cars do not become part of regular freight train consists) from TMI to Idaho, moving first by the Consolidated Rail Corporation to East St. Louis, Illinois and then by Union Pacific to destination.

PREVIOUS SAFETY HISTORY:

Twelve of the first thirteen shipments reached Idaho without incident. Shipment number seven, which departed TMI on March 22, 1987, struck an automobile at a grade crossing in St. Louis, Missouri. The accident happened at the Barron Street crossing, protected by flashing lights and a bell, when the driver of an automobile elected to ignore the bells and lights and proceeded into the path of the oncoming train. Once on the tracks, he saw the locomotive headlight and attempted to reverse his vehicle. The train struck the left front of the car but did not injure the driver. Investigation proved that the grade crossing warning device was operating properly at the time of the accident and that the train was moving at the proper speed. The driver of the automobile was cited for failure to obey Missouri State Law 304,035. For further details see FRA accident investigation report number 53-87.

INCORRECT PLACARDING ON THE FEBRUARY 7, 1988 TRAIN:

The Movement:

The most recent movement of reactor core debris (number fourteen) left TMI via Conrail on February 7, 1988, and arrived in East St. Louis, Illinois without incident. When the train, now under control of a Union Pacific crew, departed for Idaho, an improperly placarded covered hopper car was in the consist between the locomotive and the first cask car. This is a violation of the DOT Hazardous Materials Regulations.

The details of this incident were the subject of an FRA investigation and are summarized in this report.

To gather information, FRA interviewed the Union Pacific train crew, supervisory personnel for Union Pacific and at the East St. Louis trainyard, FRA employees, and public safety officials. The records of the violating car were reviewed and plant inspections were performed both where this car had been loaded and where it had last been unloaded.

FRA's investigation disclosed the following:

- The train arrived in East St. Louis, Illinois at 7:00 am and the yard crew removed the Conrail locomotive, the head and rear buffer cars, and the caboose. Union Pacific locomotive 2473 was added, together with covered hopper MP 710380, at the front of the train and empty gondola MP 6437932 and caboose MP 13710 were added to the rear. The train departed at 7:51 am.

- The head buffer car, MP 710380, was substituted when the original car provided was inspected and part of the brake system was found near the limits of servicable wear. The normal pattern of the TMI trains is to have gondola cars loaded with track ballast as the buffer cars because their loaded weight acts as a buffer to protect the TMI casks, while their lower profile allows clearance for observation by the train crew.

- MP 710380, although loaded with lime (not a hazardous material) by Marble Head Lime, Thorton, Illinois, on February 5, 1988, was placarded on all four sides with FLAMMABLE SOLID, DANGEROUS WHEN WET placards bearing identification number 1402. Shipping documents for this car correctly identified its contents, as did shipment data in the Union Pacific's computer. We are convinced that the train crew knew the car contained lime, not a hazardous material.

- While numerous public officials were present in the East St. Louis yard, few had sufficient familiarity with the hazardous materials regulations to notice the misplacarding or understand its implications. Those present included two representatives from the Missouri State Health Department, a St. Louis County Health Department Official, an FRA Motive Power & Equipment Inspector (a discipline not involving hazardous materials enforcement), and a group of St. Louis City officials including the Fire Marshall, the Director of Disaster, two people from the Health Department, and two police officers. However, three individuals did notice the placards, and failed to take any action to either stop the movement or notify federal officials:

  - The Union Pacific Road Foreman verified the non-hazardous contents of the car after noticing the placards.

  - The brakeman noticed a placard, but noted that it was "half torn off" and "looked like it had been on the car for ages."

  - The St. Louis Fire Marshall noticed the placards on MP 710380 before it was coupled into the train and used his guidebook to look up identification code 1402. After the covered hopper was coupled to the cask cars, he approached a person he assumed was a railroad official, but did not pursue the matter futher when he was told that the individual did not know the contents of the car or whether it was loaded or empty.

- The Union Pacific Manager of Terminal Operations was in a yard tower when he noticed the TMI train crossing the bridge from Illinois to Missouri; he further noticed that the lead buffer car was a covered hopper instead of the originally furnished gondola. He called the East St. Louis yard superintendent and was told about the need for mechanical adjustment on the gondola and that train management personnel in Omaha had given permission to use MP 710380.

- In response to a telephone call from "an unknown individual" to Union Pacific headquarters in Omaha, the train was stopped at Rawlins, Wyoming at 3:46 pm on February 10, 1988, where a Road Foreman observed placards on each end and both sides (two placards were on one side). Despite his opinion that the placards were partially scraped off and "not readily visible," he directed that they be painted over. (The placards had a self-adhesive backing and would not pull off.)
- The train departed Rawlins at 3:55 pm and continued to its destination without further incident.

The Nature of the Violations:

Placards are an important part of the Department of Transportation's hazard information system. Together with shipping papers, placards identify the hazards of commodities carried in rail cars. In the event of an emergency, the placard is often the first indication to emergency response forces that dangerous commodities are involved.

Physically, placards are diamond shaped and slightly more than 10 inches along each side. The color of the placard, its identification number, and "pictograph" in the upper quadrant, all combine to indicate the kind of hazard posed by the commodity involved. The placard on MP 710380 carried identification number 1402 (listed in the DOT Emergency Response Guidebook for calcium carbide), but even if the number had been obscured, the DANGEROUS WHEN WET indicator (a "W" with a slash through it) would warn firefighters not to use their most common fire extinguishing agent.

The DOT Hazardous Materials Regulations state both when placards must be used and when they are prohibited. This incident is a good example of the latter. Because placards are intended to warn of dangers, their warning would be diluted if they were permitted on non-dangerous loads. Moreover, in the case at hand, had the train carrying the fourteenth movement of TMI reactor debris been in an accident, and a fire developed, emergency responders seeing the FLAMMABLE SOLID, DANGEROUS WHEN WET placards on the covered hopper might have delayed using water to extinguish the fire and cool the casks.

Violations of the Regulations:

Both railroads involved, the Union Pacific and the Alton & Southern (the railroad which performed switching service in East St. Louis), and the Marble Head Lime company appear to have violated multiple sections of the DOT's Hazardous Materials Regulations in this incident. Pending enforcement review by the FRA Office of Chief Counsel, the information gathered in the preparation of this report points to the following violations:

171.2 General Requirements

(b) No person may transport a hazardous material in commerce unless that material is handled and transported in accordance with this subchapter ....

This section appears to have been violated by both railroads and the shipper.

172.334 Identification numbers; prohibited display
(b) No person may display an identification number on a placard . . . unless --
(1) The identification number is specified for the material in 172.101 . . .;
(2) . . . and any placard used for display of the identification number corresponds to the hazard class of the material . . .;
(3) . . . the . . . transport vehicle on which the number is displayed contains the hazardous material associated with that identification number . . ..

This section appears to have been violated by the shipper.

172.502 Prohibited packaging
(a) Except as provided in paragraph (c) of this section, no person may affix or display on a transport vehicle . . . any placard described in this subpart unless:
(1) The material being transported is a hazardous material, and
(2) The placard represents a hazard of the material being offered or transported.

This section appears to have been violated by the shipper.

173.1 Purpose and scope
(b) A shipment that is not prepared for shipment in accordance with this subchapter may not be offered for transportation by air, highway, rail, or water.

This section appears to have been violated by the shipper.

173.28 Reuse of packagings (containers)
(d) Packagings previously used for any hazardous material must have the old markings . . . thoroughly removed or obliterated before being used for other materials.

This section appears to have been violated by the shipper.

174.7 Responsibility for compliance
Unless this subchapter specifically provides that another person is to perform a particular duty, each carrier, including a connecting carrier, shall perform the duties specified and comply with each applicable requirement of this part, and shall instruct his employees in relation thereto.

This section appears to have been violated by both railroads.

174.8 Inspection
(b) At any point where a train is required to be inspected, each loaded placarded car and each rail car immediately adjacent thereto must be inspected. The cars may continue in transit only when the inspection indicates that the cars are in safe condition for transportation. . . . The inspection of a rail car other than a tank car . . . must include a visual inspection for obvious defects . . . and to determine whether all required placards are in place and conform to the information given on the train consist or other shipping document . . ..

This section appears to have been violated by both railroads.

174.59 Marking and placarding of rail cars
No person may transport a rail car carrying hazardous materials unless it is marked and placarded as required by this subchapter. Placards and car certificates lost in transit must be replaced at the next inspection point, and those not required must be removed at the next terminal where the train is classified.

This sections appears to have been violated by both railroads.

174.69 Removal of placards and car certificates after unloading
When lading requiring placards or car certificates is removed from a rail car, other than a tank car, each placard and car certificate must be removed by the person unloading the car.

This section appears to have been violated by the shipper, although the more direct violation would be against the company last unloading calcium carbide from the car.

174.89 Position in train of cars placarded "RADIOACTIVE"
In a moving or standing train, a car placarded RADIOACTIVE may not be placed next to any other loaded, placarded car (other than one placarded COMBUSTIBLE), an engine, occupied caboose, or carload of undeveloped film. Cars placarded RADIOACTIVE may be placed next to each other.

This sections appears to have been violated by both railroads.

RECOMMENDATIONS

Based on its investigation of this incident, and in addition to correcting the violations set out above for future moves, FRA makes the following recommendations:

1. Buffer cars should be permanently assigned to the TMI train and should remain with the train during the whole move. This will eliminate switching at the Conrail/Union Pacific interchange.

2. Conrail power and caboose should be replaced with Union Pacific power and caboose at Avon Yard in Indianapolis, Indiana, where additional layover time is scheduled for monitoring radioactivity levels. This will allow all necessary inspections to be performed without time pressure.

3. With the elimination of switching at East St. Louis, consideration should be given to changing the interchange to eliminate handling by the Alton & Southern Railway. This will mean that only Conrail and Union Pacific crews operate the train.

4. Federal Railroad Administration Regional Offices will ensure that inspectors trained in hazardous materials regulations are present at all interchange sites during TMI movements. This will effectively eliminate the possibility that the basic violation which occured could go undetected.

5. The Union Pacific and Alton & Southern Railroads should provide or renew basic training in the hazardous materials regulations for officers and train crews involved in these movements. This would have alerted the train crews who operated, and the officers who saw and traveled on this train between East St. Louis and Rawlins, Wyoming, to two basic violations: the presence of a placarded rail car next to a car placarded RADIOACTIVE and the discrepancy between the shipping papers for MP 710380 and the fact that it was placarded for calcium carbide.

6. The Fire Marshall's office of St. Louis should have notified the Union Pacific and/or Federal Railroad Administration officials about the presence of a placarded car in the TMI train before it left the yard in East St. Louis or as soon thereafter as practical. This would have enabled effective action to be taken immediately. It is important for state, local, Federal, and carrier officials to establish clearly defined lines of communication on matters relevant to these movements; it is equally essential that parties concerned about any aspect of the movements communicate those concerns immediately both to carrier officials and to Federal authorities.

7. Marble Head Lime should provide its employees with a program of remedial instruction on the content and implementation of DOT hazardous materials regulations. This will ensure that non-hazardous materials are not shipped in placarded cars.

QUESTIONS SUBMITTED BY SENATOR HARKIN

SENATOR HARKIN: Iowa shippers are not saying: stop all abandonments, stop all divestiture of rail lines by Class I carriers. But, in case of proposed abandonment, if some lines with significant traffic are to be kept open rather than sold for scrap, financial help, loans so they can purchase and rehabilitate rail lines are needed in my state and, I suspect, in many states. An inability to acquire those funds can cause real economic harm. Farmers will lose five cents per bushel on their corn. Highways will deteriorate under the load of the less efficient grain trucks. Industry will not be able to settle in the impacted towns that have lost their rail lines. Do you see the logic in continuing a program like the Local Rail Service Assistance Program which can provide such assistance?

ANSWER: Increasingly, branchline acquisition and rehabilitation needs are being financed independently by the states and through the private sector. Only two lines have been acquired with Local Rail Service Assistance (LRSA) since the beginning of Fiscal Year 1986. Currently, 23 states have their own independently funded rail assistance programs. The explosion in the number of shortlines created over the past few years demonstrates the availability of private financing for light density acquisition and rehabilitation projects. With the need to reduce the Federal deficit so critical, we cannot afford to continue the LRSA Program when other sources of financing are available.

SENATOR HARKIN: The American Association of State Highway and Transportation Officials have developed a study which shows a need for $1.2 billion in assistance under the Local Rail Service Assistance Program. Do you believe that the FRA would find $35 million per year in qualified and worthwhile projects from the state DOTs under this Program if the Congress appropriated that level of funding?

ANSWER: In 1985, the American Association of State Highway and Transportation Officials completed a state-by-state survey of rail acquisition and rehabilitation needs. The survey results were published in summary form without background information. As a result, it is not clear if the needs reflected are limited only to light density projects for which LRSA funds are eligible. The estimates may include capital projects on heavier density lines than the three million gross ton mile lines that are eligible under the LRSA Program. In addition, several states included millions in estimated needs and have not applied for their entitlement funding which has then become available to the FRA for discretionary allocation. In each of the last five years, the amount requested in discretionary funding has been less than $35 million.

QUESTIONS SUBMITTED BY SENATOR D'AMATO

DRUG TESTING

SENATOR D'AMATO: As you know, the Federal Railroad Administration's rules regarding pre-employment, post-accident and reasonable cause drug testing of railroad employees were struck down by the 9th Circuit Court of Appeals in early February. The court found that the rules violated 4th Amendment prohibitions against unreasonable search and seizure. What is FRA doing with respect to this matter?

ANSWER: At our request, the Solicitor General filed a petition for writ of certiorari on March 17, 1988, asking the Supreme Court to review the 9th Circuit decision.

SENATOR D'AMATO: What is the status of FRA's rules pending review by the Supreme Court?

ANSWER: The rule will continue in effect pending final disposition by the Supreme Court. On March 4, 1988, the 9th Circuit granted the Government's motion for a stay of the court's mandate. Under the Federal Rules of Appellate Procedure, that stay will remain in effect pending Supreme Court action since the petition for writ of certiorari has been filed.

SENATOR D'AMATO: Are you supportive of "random drug testing?" Random testing is provided for in H.R. 3051, the Air Passenger Protection Act of 1987, which is now bogged down in conference. (NOTE: The random drug testing provision, S. 1041--Danforth/Hollings-- was added to H.R. 3051 by a Senate Floor Vote of 83 to 7.)

ANSWER: We strongly believe that random testing is an effective complement to existing regulations and voluntary action. Reasonable cause testing has unquestionably had a positive impact in reducing substance abuse in the railroad workplace. But our experience over the first two years of the rule's implementation has highlighted its limitations as well as its successes.

The impact of reasonable suspicion testing is limited by the fact that its effectiveness is keyed to a supervisor's ability to perceive symptoms of drug use. There are many drugs which can impair the spacial or temporal perception or the judgment of an employee but not produce symptoms recognizable to even a reasonably trained layman. Moreover, the fact that employees who use such drugs believe that they will not exhibit observable symptoms undercuts the deterrent value of a reasonable suspicion testing program. Finally, such a program can be circumvented by procedures as simple as reporting for work unimpaired and then consuming controlled substances in the workplace. This appears to be what happened at Chase, Maryland.

Test results over the first two years of FRA's post-accident testing program disclosed that an average of 4.4 percent of employees involved in railroad accidents had recently used illicit drugs. Although this is clearly an improvement over the data compiled in "pretesting" years, it still represents a hard core of drug users who have not been persuaded by prevention campaigns, have not been willing to take advantage of employee assistance programs, have avoided detection in scheduled tests conducted by the railroads and are not deterred by reasonable cause testing.

Random testing has a deterrent value that cannot be duplicated in any other form of testing. It cannot be defeated by on-duty consumption. And because those chosen for testing are picked from a statistically random number table, it provides employees with the best guarantee against discriminatory testing.

SENATOR D'AMATO: What, if anything, have you done to promote "random drug testing" procedures for railroad employees?

ANSWER: I have testified repeatedly in favor of legislation that would affirm our authority to mandate random testing of railroad employees. As the events of the last few years have illustrated, any random testing rule is certain to be litigated on both administrative and constitutional grounds. The Congress can materially assist us on the "administrative" side of that litigation by clarifying what we believe to be the case -- that the Federal Railroad Safety Act of 1970 authorizes the issuance of a random testing mandate. Although we are confident we will ultimately prevail on that issue, we would certainly prevail more quickly if such legislation were enacted.

However, we have not waited for the Congress to act. We have made significant progress in the preparation of a proposed rule to require random testing. Because of the need to obtain appropriate clearances within the Executive Branch, I cannot predict a specific date for issuance of that proposed rule.

SENATOR D'AMATO: I understand that you have granted Amtrak a waiver of certain U.S. rail passenger safety standards to test a European passenger train between New York and Boston. Is this correct?

ANSWER: A waiver of the Federal Track Safety Standard specifying curving speeds for all train types was issued to Amtrak last fall to test the French Turbotrain between New Haven and Boston. FRA is now considering additional petitions from Amtrak and Metro-North for a waiver of the same track standard to enable the test evaluation of Spanish Talgo equipment and an LRC (light-rapid-comfortable) trainset from Canada later this spring. All of the equipment being tested for possible future revenue service has been operated elsewhere before at curving speeds in excess of those planned for the spring tests. Common characteristics of the foreign-origin equipment are features specifically designed to accommodate safe and comfortable curve negotiation at speeds exceeding those possible with conventional passenger rolling stock.

SENATOR D'AMATO: Will this foreign equipment be tested for its ability to protect passengers in a crash?

ANSWER: Yes. The equipment that emerges from the spring tests as serious candidates for incorporation into a future revenue service in the U.S. will be tested further, and must be brought into compliance with applicable FRA standards. The RTG/RTL already comply with Federal motive power and equipment regulations.

SENATOR D'AMATO: Does the European equipment meet U.S. standards for crashworthiness?

ANSWER: We know that the equipment of French origin does.

The Talgo train would need extensive modifications to become consistent with our current rules and regulations for U.S. standards of crashworthiness.

The Bombardier/LRC train claims to be in compliance with FRA standards. However, the equipment has not yet been inspected to determine if it meets U.S. standards for crashworthiness.

SENATOR D'AMATO: If not, will it have to meet those U.S. standards to be used here in regular passenger service?

ANSWER: Anything intended for introduction to passenger service would certainly have to meet FRA standards.

SENATOR D'AMATO: Has the FRA developed safety standards for rail passenger service at speeds in excess of 110 mph?

ANSWER: The present, the highly restrictive track standards that apply to freight and passenger train operation at 110 mph have been shown to be adequate for track supporting 125 mph train speeds.

SENATOR D'AMATO: Should passenger equipment that will share its right-of-way with freight trains have to meet more stringent safety standards than passenger equipment that operates on a dedicated right-of-way?

ANSWER: No convincing reason for a requirement of this sort is evident. In fact, the opposite might be true; trains operating on a dedicated right-of-way, all other factors remaining equal, would likely be operated much faster and this could introduce the need for more rigorous passenger equipment standards.

SENATOR D'AMATO: Isn't it time to resolve these questions now, before the introduction here of equipment?

ANSWER: Categorically, the answer is yes, and the questions demanding nearer-term responses are exactly the ones on which the most attention is being focused currently. No equipment will be approved for introduction until all relevant FRA standards have been complied with.

QUESTIONS SUBMITTED BY SENATOR WEICKER

SENATOR WEICKER: I am pleased to see the Stamford Transportation Center open and operating and I appreciate all your efforts on that project. Could you tell me what steps have been taken to insure that the redesigned building is safe and structurally sound?

ANSWER: Steps taken to correct design errors and insure the station's safety and structural soundness include:

° Pedestrian Bridge - This structure connects the parking garage and the south tower of the station. The original roof was removed and replaced with lighter materials in order to eliminate overstressing of concrete floor beams. Angle clips were bolted to the structural frame of the bridge floor at points where the floor beam is connected to the garage in order to prevent shifting during high winds.

° Tunnel Lobby (North Tower) - The area above the tunnel lobby was redesigned to support dead and design live loads. This entire section was removed and rebuilt in accordance with corrected designs.

° Tunnel Extensions - Extensions to both ends of the undertrack tunnel were redesigned to the standards of the American Railroad Engineers Association (AREA) in order to accommodate railroad loads on tracks over the extensions.

° Garage - In order to correct design errors in certain joists, exterior walls and columns, a series of heavy steel straps and retainers and stiffening floor joist/beam connections were installed. Shear walls were then installed at certain columns to resist stress introduced into columns by the straps and retainers.

Recently, the City of Stamford's consulting engineers have investigated cracks in joists and a wall of the garage. Though the engineers have said that there is no immediate safety problem, they have recommended corrective action in the case of two of the joists. FRA and the original designers of the garage are reviewing the situation. Corrective action will be taken, if necessary.

° South Tower - Posts supporting a canopy over the exterior escalator from the station concourse to the platform required stiffer connections at the top and bottom. These were designed and installed.

° Concourse - As designed, roof trusses were inadequate under building code wind loadings. Trusses were strengthened by bolting on angle stiffeners. Overstressed floor beams caused by the use of incorrect grades of steel (although the steel used was consistent with drawings) were corrected through the placement of cover plates to add requisite strength.

° North Tower - Certain critical walls and beams were inadequate for the loads imposed. Walls and beams were either removed and replaced with properly designed members or strengthened in place.

All corrective designs were signed and sealed by an engineering firm specializing in this type of remedial engineering. All drawings were further reviewed by an independent engineering consultant retained by the City of Stamford. Construction did not resume until "stop work" orders were lifted by the City's consultant. Remedial construction began in April 1986 and was completed in late 1987. The project is scheduled for completion this spring.

SENATOR WEICKER: You have not requested any funds for Amtrak. Even if the Administration were to have its way in eliminating Federal subsidies for this service, have you really considered the costs of terminating intercity rail passenger service? The liability for 1989 labor payments alone will be greater than the entire 1989 Amtrak grant request.

ANSWER: The costs to passengers as well as the costs and cost savings to the Government have been considered in the decision to eliminate Federal subsidies for Amtrak.

Most Amtrak employees are entitled to labor protection payments for up to six years of full salary and benefits; however, these payments are an obligation of Amtrak, not of the Federal Government. In Atchison, Topeka and Sante Fe Railway Company versus National Railroad Passenger Corporation, the Supreme Court on March 18, 1985 found that Amtrak was a separate corporation and not an agency of the U.S. Government, and it is the position of the Department of Transportation that an Amtrak creditor, including a worker, has no recourse to the assets of the U. S. Government. Therefore, labor protection payments are not a cost to the U.S. Government, except to the extent that labor protection payments could deplete existing corporate assets to which the government would otherwise be entitled as Amtrak's senior lienholder.

SENATOR WEICKER: I understand that you have granted Amtrak a waiver of certain U.S. rail passenger safety standards to test a European passenger train between New York and Boston.

ANSWER: Amtrak petitioned FRA last fall to operate a non-revenue test train over curves between Boston and New Haven at speeds that would develop a cant deficiency exceeding that specified in the Federal Track Safety Standards. Track cant concerns the track tilt or superelevation in curves. FRA granted the waiver with many related conditions intended to preserve the safety of the test equipment. The test was completed in October without incident. Amtrak and Metro-North submitted new petitions of the same sort for approval to conduct further cant deficiency tests between Boston and milepost 10 east of New York City this year. These requests are currently under study.

SENATOR WEICKER: Does the European equipment meet U.S. standards for crashworthiness?

ANSWER: Two types of passenger equipment being considered by Amtrak for New York to Boston service are of European origin. The RTG Turbotrain was assembled in France and shipped to this country. It then operated in revenue service for a number of years, but not at the curving speeds contemplated for the tests. This trainset complies with FRA standards for motive power and equipment. The other type of European origin rolling stock will come from Spain where it is in daily service on the network of the Spanish State Railway and in other countries via international service. We are confident that the FRA approach to assuring test train safety will be entirely adequate to guarantee the integrity of test operations. Basically, this is reliance on extensive on-board instrumentation to reflect vehicle behavior with a gradual increase in curving speeds. The limits of safe performance are well known and the use of instrumentation informs test personnel of safety boundary imminence. It is suspected that the Spanish Talgo coaches may not meet Federal requirements for revenue service.

SENATOR WEICKER: If not, will this equipment be tested for its ability to protect passengers in a crash?

ANSWER: Should the Talgo equipment emerge from the tests scheduled for this spring with its original appeal untarnished, extensive modifications will be required to adapt it to revenue service in this country. Not the least of these changes will be those necessary to bring the equipment into compliance with Federal regulations, including crashworthiness.

SENATOR WEICKER: In the past, the Federal Railroad Administration has recognized the importance of state rail safety inspectors by spending even more in FY 87 for this program than the Congress had appropriated. (Note: The FRA decided to spend $1.5 million in FY 87 even though Congress had appropriated $1.35 million.) Can you explain why no funds have been requested for Grants-In-Aid for Railroad Safety for Fiscal Year '89?

ANSWER: To comply with progressively shrinking Gramm Rudman ceilings, FRA must make reductions somewhere in its program mix. Complicating that challenge is our decision to seek an increase in both the number of safety inspectors and the number of safety enforcement attorneys on the FRA staff. Like most other agencies, we are long past the point where funding reductions can be made by eliminating waste, fraud and abuse. We, therefore, attempt to make reductions in areas where the activity being undertaken is likely to continue without federal funding, preserving our resources for areas such as automatic track inspection where the activity will not continue unless it is FRA funded. The rail safety grant program has effectively matured over the past 18 years whereby it is more cost effective and fiscally responsible, considering the Federal budget deficits, to have the states fully fund their own inspectors.

The states are committed to the rail safety program with or without Federal funding. In the past few years the Federal funding share for this program has been substantially reduced from a maximum of 50 percent to approximately 15 percent without a change in total participating states (31) and state rail inspectors (104). FRA has every reason to believe that most, if not all of the states and state inspectors would remain in the program if Federal funding ends.

The successful and effective working relationship between FRA and the participating states for this rail safety program will continue even without Federal funding. FRA will continue to: (a) train state inspectors at the Transportation Safety Institute at 100 percent Federal funding and (b) coordinate and consolidate the states' inspection plans into FRA's yearly National Inspection Plan.

Rail safety remains FRA's top priority and the authorized Federal inspection force (325) is fully qualified to meet the challenge for any potential reduction of state inspectors.

In FY 1987 FRA obligated $1,365,797 in grant awards to the 31 participating states ($1,350,000 was appropriated by Congress and $15,797 was available from carryover funds from previous years). FRA funding was 23.8958 percent of the total program costs. The states funding share was 76.1042 percent.

QUESTIONS SUBMITTED BY SENATOR MITCHELL

SENATOR MITCHELL: On February 21st, the FRA began a system assessment of Guilford Transportation Industries' railroad system in New York and New England.

- Does the FRA intend this assessment to satisfy the Committee's direction last year that the FRA "undertake a special review of how the plans, practices and operation of (Guilford) impact on safety?"

- In what ways, if any, will this assessment be different from other assessments?

- When will the assessment be completed and when/how will the FRA announce its findings?

ANSWER: FRA's assessment of Guilford Transportation Industries will meet the Committee's direction and give all concerned parties not only a clear overview of Guilford's operations, but it will identify those areas which need improvement.

This assessment will be completed in the same manner as all our previous assessments. The only difference between this assessment and our previous efforts has been the oversite that we have maintained on this property since November 1987.

FRA hopes to complete the field work during May 1988, and begin the process of writing the report. FRA will publish its findings.

SENATOR MITCHELL: In an Interim Safety Report submitted to the Maine Congressional delegation in a letter of February 4, 1988, the FRA indicated concern over the "persistence with which problems are recurring" on the Guilford locomotive fleet. Out of 721 inspections performed on Guilford's 371 locomotives, 539 instances of at least one safety violation were found in a single 10-week period. Some violations were minor but "others serious."

--Is such a level of violations in a single 10-week period cause for significant concern?

--Are problems still "recurring" on the Guilford locomotive fleet?

ANSWER: While many of the conditions found are not serious in nature, anytime that FRA finds a large number of instances of noncompliance with Federal regulations, FRA becomes concerned. This is usually an indication that preventive maintenance is not being performed on the locomotives. The extent and effectiveness of the company's efforts to deal with this issue will be a focus of the assessment report.

SENATOR MITCHELL: In the February 4th Interim Report, the FRA indicated that "Routine inspections on the Maine Central Railroad (which is part of the Guilford system) have revealed that the track generally complies with track standards." The FRA did not express concern over Guilford's reduction of operating speeds on the Maine Central track.

However, an examination of FRA track inspection figures for the Maine Central from FY 1983 to FY 1987, which accompanied the Report, revealed that while the overall number of track inspections remained relatively constant--within a maximum fluctuation of 15 percent--there was an overall increase of 41 percent in the number of track defects found through these inspections.

-- In terms of the proportion between inspections performed and defects found, shouldn't there be a more even correlation in these figures if one assumes there is no problem with track safety standards?

-- Is an increase of 41 percent over 4 years in defects found, when the number of track inspections remained relatively constant, cause for concern?

-- Will the FRA system assessment of Guilford address this concern?

-- Will the assessment include any inquiry into the pattern of Guilford's reduction of operating speeds on the system?

ANSWER: In order to respond to the first and second parts of this four-part question, it is necessary to consider how the various categories of track defects behaved over the five-year period. This understanding is useful because the safety potential of some defect types is more severe than others; for example, gauge widening of curves is a substantial contributor to the percentage increase over four years and this is a non-trivial defect type. On the other hand, equally strong contributors are the rail defect categories of bolt hole cracks/head-web separations, which rarely present any immediate safety concern. Some categories of serious defect, such as broken rail base, actually declined in frequency of occurrence. The point is, the percentage increase of defects detected is not as alarming as it might appear. It is certainly not to be ignored but, when fully understood, does not challenge the statement quoted from the Fourth Interim Report as the basis for the original concern.

In reply to the third part, the assessment will concentrate on identifying and arranging for correction of serious track defects first and then take up the lesser offenders serially.

On the fourth element of the question, there will be no inquiry, per se, into why Guilford's management reduced train operating speeds. These actions may have been dictated by a need to adjust to deteriorating track so as to comply with the Track Safety Standards. They may also reflect decisions of the carrier's managemet to adapt to changing traffic patterns. This latter is not an unusual industry traffic management tactic, and certainly not a violation of safety standards. If speed reductions are in response to track conditions and the change is sufficient to eliminate all speed-related defects, then the track complies with the safety standards and there are no violations.

SENATOR MITCHELL: The FRA has been conducting investigations into the accidental deaths of two railroad workers on the Guilford system: one in Lawrence, Massachusetts, on November 9, 1987; and one in Saco, Maine, on January 27, 1988.

--When will the FRA investigations be completed and when/how will the FRA's findings be reported?

--Does the FRA have any preliminary opinions or findings concerning the contributing causes of these accidents and deaths?

ANSWER: The field investigation into these two accidental deaths has been completed and FRA has issued the first report. A copy is enclosed. As soon as the second report has been completed, its findings will be published as well. Until the report is finalized, it would be unfair to release any information.

SENATOR MITCHELL: In the Conference Committee Report on the FY 88 Continuing Resolution, the FRA was directed to "terminate plans to consolidate (its) Bangor, Maine, office with the Cambridge, Massachusetts, office and to restore the Bangor office to adequate personnel levels including, but not limited to, a motive power and equipment inspector and a track safety inspector. One of these inspectors should be certified for hazardous materials inspections."

It is the Committee's understanding that the FRA has kept the Bangor, Maine, office open. However, there is only a single track inspector presently staffing the office. A motive power and equipment inspector who retired in April 1987 has not been replaced. The remaining inspector is not qualified in hazardous materials inspections.

-- Does the FRA intend to comply in full with the Conference Committee's directive?

-- If yes, then when can the Committee expect full compliance to be completed?

-- If not, then what are the FRA's intentions? Would the FRA seek to close the Bangor office before the Guilford system assessment is completed?

ANSWER: The FRA is reviewing the Conference Committee's direction regarding the Bangor, Maine, office. A study will be conducted to review all of the options available. At the present time, there are no plans to close the Bangor, Maine, office. This office will remain open until the study is completed.

REPORT OF
THE FEDERAL RAILROAD ADMINISTRATION
CONCERNING THE EMPLOYEE FATALITY
AT LAWRENCE, MASSACHUSETTS
ON NOVEMBER 9, 1987

(FE-43-87)

Circumstances Prior to the Accident

At 3 p.m., November 9, 1987, a three man switch crew reported for work at Lawrence, Massachusetts. After doing some switching in the Lawrence Yard, the crew was assigned to deliver a loaded boxcar (CAGY 21145) to Jackson Lumber Company, and to pull an empty bulkhead flatcar (BAR 475) from the lumber company's track. They picked up the loaded car and after performing the required air brake and equipment tests departed Lawrence Yard.

Jackson Lumber Company is located 3,249 feet east of Lawrence Yard, and is accessed through a hand-operated switch off track 17. Main tracks 1 and 2, which carry through traffic including passenger trains, run parallel to yard track 17 at that point. En route to Jackson Lumber Company, both the engineer and conductor were in the locomotive. The engineer's view was very limited, as he was immediately behind the boxcar and, given the type of locomotive (a short hood GP 39), quite close to that car. The brakeman was on the loading end of the boxcar, maintaining a lookout in the forward (easterly) direction. Each crew member had an operating portable radio. The weather was cloudy; the temperature was about 60 degrees. They were operating within yard limits and yard rules were in effect.

The Accident

The locomotive and boxcar stopped upon arriving at the switch to Jackson Lumber. The brakeman lined the switch for the lumber company and the conductor got off the locomotive and radioed the engineer instructions to shove ahead into the lumber yard track and couple the loaded boxcar to the empty bulkhead flatcar. The flatcar was secured with chocks behind its eastern most wheels at the time the crew arrived, as the grade at that point runs downhill to the east. The coupling was made and either the conductor or the brakeman coupled the air hoses and opened the angle cocks. (The brakeman's recollection as to whether he or the conductor had coupled the hoses was inconsistent in his two interviews; the engineer could not see who had done so, but believed it was the conductor, because the conductor was directing that particular movement and the brakeman's primary role in the operation was to operate the switch). The hand brake on the empty car was either released by the brakeman, or was not applied when he checked it. (His recollection on this point also differed between his two interviews.)

The locomotive pulled the two cars westward back over the access switch onto track 17. The brakeman lined the switch and remained at the switch stand. The locomotive then shoved the two cars eastward a short distance on track 17 to clear the switch. When they were clear of the switch, the conductor instructed the engineer to stop, and uncoupled the lead car (the empty flatcar). Both the engineer and the brakeman were on the lumber yard side of the track at this time (the engineer seated in the cab and the brakeman standing at the switch). The conductor was out of their view, on the opposite side of the flatcar. Neither the engineer nor the brakeman, therefore, could say for sure what measures the conductor may have taken to secure the flatcar before it was uncoupled on track 17. Track 17, like the adjacent lumber yard track, has a slight downgrade to the east.

After uncoupling the flatcar, the conductor told the engineer to back up (westward) to the access switch and instructed the brakeman to throw the switch for movement back into the lumber yard. But before the locomotive had cleared the switch, the conductor radioed the engineer to forget going into the lumber yard and come forward to catch him, as the flatcar was rolling away. The brakeman heard this message from the conductor.

The engineer stopped the engine, switched to forward, and proceeded eastward toward the rolling car. He leaned his head out of the cab window and saw the car rolling away with the conductor attempting to wind the hand brake. The brakeman, standing at the switch, saw the car begin to roll away and also observed the conductor attempting to apply the hand brake. The brakeman boarded the leading end of the boxcar. The conductor radioed to the engineer, at least three times, to hurry up and keep coming. The engineer complied by increasing his speed each time the conductor asked him to. By the engineer's estimate, he reached a top speed of 20 to 25 miles per hour. The conductor also called the Lawrence Yard and told the yardmaster that he had a rolling car going down track 17 toward the main tracks. Track 17 (the yard track) intersects track 2 (the mainline) approximately 4,400 feet east of the lumber yard switch.

As the rolling flatcar and the engine shoving the boxcar neared the Union Street overpass, the conductor moved down the ladder on the rear of the flatcar. The brakeman moved from the side ladder to the end platform on the leading end of the boxcar to avoid brush close to the side of the car. The engineer could not see the flatcar as his engine moved closer to it because the boxcar was in between, and the close clearance on his side precluded his putting his head out of the locomotive window. Neither the conductor nor the brakeman gave the engineer a distance countdown so he would know how close the runaway car was.

Shortly after they had passed under the bridge, the conductor shouted "Stop!" At or about that very moment, the coupling was made. The engineer believes that the coupling and the order to stop were virtually simultaneous. The brakeman recalls the stop order coming as the boxcar was no more than 15 or 20 feet away from the flatcar. The engineer testified that immediately following the incident, the brakeman reported that he had seen the conductor moving away toward the side of the car just as the impact occurred. On impact, the brakeman saw the conductor fall backward between the cars. His body was found 1,267 feet from the lumber yard switch. Based on the urgency in the conductor's voice when he said "Stop," the engineer immediately made a full service application and then put his train in emergency. The lead wheels of the lead car stopped within about 300 feet of where the conductor's body was found.

Equipment Tests and Inspection

Inspection and tests of equipment involved in the accident were performed. Tests and inspections of locomotive ST 363 and boxcar CAGY 21145 disclosed that all systems functioned as intended. Inspection and tests of the rollaway bulkhead flatcar, BAR 475, revealed that its air brake had become inoperative because an actuator control rod was out of place due to a loose set screw, allowing a maximum of 12 inches. The handbrake was also inoperative for the same reason.

Findings and Conclusions

1. The handbrake on flatcar BAR 475 failed to function because a repair on an actuator control rod had been improperly performed by personnel at Guilford's Lowell, Massachusetts car shop.

The car in question had been serviced at the Boston and Maine car shop in Lowell, Massachusetts on June 23, 1987. Among the procedures performed was the replacement of an actuator control rod, a repair governed by the Association of American Railroads (AAR) Recommended Practice RP-400. (AAR Recommended Practices established industry standards for maintenance and repair). In relevant part, the standard requires that the control rod:

- be held in place with a set screw for the purpose of applying a weld, and that
- a proper weld be applied around the screw to permanently bind the parts.

The facility did employ a set screw, but never performed the second part of the procedure (i.e., the welding). The set screw is not intended to hold the actuator control rod in place during operation of the car. Rather, it holds the rod so it can be welded in place. Inspection indicated that the proper weld was never done, not that it had been performed but subsequently failed. With the actuator control rod held in place only by the set screw, it was a matter of time before vibration loosened the screw. It cannot be determined exactly when the handbrake became inoperative. It is clear, however, that improper performance of the repair caused the handbrake failure.

Our investigation at the Lowell shop appears to confirm that this was an isolated error in workmanship. However, the assessment team now on the ST property is placing special emphasis on the shop and on any comparable repairs to ensure that there are no vehicles with similar workmanship errors on the system.

2. Drug use by the brakeman was not a causal factor in the accident. Toxicological samples were obtained from all crewmembers in accordance with 49 CFR Part 219, subpart C (post-accident testing). All samples were negative except for the brakeman's, which tested positive for the carboxylic acid metabolite of the active ingredient of marijuana (20 ng/ml in the blood, 45 ng/ml in the urine). We have concluded, however, that the brakeman's conduct did not play a causal role in the accident, and as a consequence, the drug use detected in post-accident testing was not a factor in the accident's occurrence.

3. We have concluded that the engineer performed his responsibilities properly and responsibly. Crew training and experience were not causal factors in the accident.

The fatality occurred during the crews attempt to execute an unusual, difficult and dangerous maneuver known as a "moving coupling." That maneuver (an attempt to couple a locomotive with a moving car) is expressly forbidden by section 103 of the company's operating rules.

Company officials interviewed by FRA readily acknowledged, however, that like any other operating rule, Rule 103 could be properly disregarded if it were necessary to do so in order to protect human life. This unwritten "human life exception" 1/ was well known to employees, and was, at times, a topic of specific discussion during the company's operating rules training. Moreover, operating Rule L specifically authorizes employees to take whatever collective actions are appropriate to prevent the destruction of company property.

In this instance, the conductor--an employee with more than 20 years experience--made the decision to attempt the moving coupling. When he realized the handbrake would be insufficient to stop the rolling flatcar, he radioed the engineer and instructed him to pursue the rolling car. He then immediately radioed Lawrence Yard to warn yard officials that an unsecured flatcar was rolling toward the main track.

This latter transmission is revealing, because it sheds light on the motives which apparently prompted the conductor to disregard Rule 103 and attempt to execute the moving coupling. The flatcar was rolling eastward on the siding over gently undulating territory toward the switch governing access to the mainline. Although the switch was aligned against the flow of traffic (i.e., aligned in a way that permitted traffic to move on the mainline but not from the siding to the mainline), the conductor was apparently concerned that the car might roll fast enough to split the switch and continue on to the mainline, where both freight and commuter operations were in progress. It was an effort to avoid that possible threat to human safety that apparently prompted the conductor to order the moving coupling.

It is essential to recognize that the engineer could not see either the flatcar or the coupler because the boxcar coupled immediately in front of the locomotive blocked his vision. The conductor, who was standing on the flatcar radioed instructions to the engineer (using the terms "faster" and "stop" rather than the conventional practice calling distances) and attempted to guide him through the maneuver by voice command.

As the moving vehicles converged, the conductor three times radioed "faster, faster, faster," and the engineer responded by accelerating the speed of the locomotive. Finally, at a point which the survivors described as either simultaneous with impact or a fraction of a second before, the conductor radioed "stop." The engineer immediately commenced full service breaking.

The engineer could not see the impact because his vision remained obstructed by the boxcar, and by brush along side the track. But the brakeman, who was clinging to the lead end of the boxcar, had a clear view of both the impact and the conductor's fall. He told the engineer that as the cars converged, the conductor was apparently attempting to step around to the side of the flatcar. Perhaps for that reason, or perhaps because of the difference in the forces generated at impact on the striking and struck vehicles, the conductor fell or was thrown under the car while the brakeman was able to keep a secure hold on the end of the boxcar.

While the boxcar coupled to the rolling car with considerable

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1/ An FRA term, not the railroad's.

force, it is impossible to conclude that the force was excessive. The engineer was operating from a position that prevented him from seeing the car he was approaching in the last few critical moments, and he received no distance countdown from the conductor. There is no basis on which to conclude that a more experienced engineer would have performed this movement any differently, or any more effectively. Nor is there any reason to believe that faced with an order to chase the car and lack of time to debate, a more experienced engineer would have opted to let the car--with a conductor aboard--roll off toward the mainline. Moreover, the conductor is in charge of the train and the engineer is required to obey the conductor's commands, as Rules 931 and 961 provide.

Both the engineer and the brakeman were new hires with limited service experience. But we find nothing in the facts of this accident to suggest that they performed their responsibilities in anything but a responsible and professional manner. Engineers are not trained to execute moving couplings; in fact, they are so inherently dangerous that they are expressly forbidden by company rules. Here the difficulty of that maneuver was further complicated by the fact that the engineer's vision was impaired by the boxcar, requiring him to execute the moving coupling "blind," by voice command. The ability to complete such a maneuver is not a prerequisite to qualification as a switch engineer; an individual could easily work an entire career without confronting a moving coupling, let alone attempting to execute one by voice command. There is no reason to believe that a more experienced engineer would have performed the movement differently, or had a greater chance of success.

We do note that the brakeman did not call out distances to the engineer as the cars converged, yielding that responsibility to the conductor. However, that was not an illogical thing for the brakeman to do under the circumstances, given that:

- the conductor had ordered the moving coupling, and taken command of the situation from the moment the car rolled free,

- the conductor was the individual at greatest risk, and the individual with the most operating experience, and

- two individuals shouting instructions to the engineer at the same time over the same radio frequency would likely have complicated rather than assisted the completion of the maneuver.

Even under the best of circumstances, there was a significant possibility that the moving coupling could not be successfully executed. We find that the engineer handled his responsibilities in a professional manner, and find that engineer training and experience was not a causal factor in this accident. The fatality was an outgrowth of the conductor's decision to pursue, and the crews ultimate inability to execute, an intrinsically dangerous maneuver which had a limited chance of success under the best of circumstances. The fact that the conductor was moving to the outside of the car at the moment of impact may have contributed to his loss of grip. We have concluded, however, that the conductor's decision to order the moving coupling was an attempt to prevent the rolling car from splitting the switch and rolling onto the mainline, endangering the lives of crew and passengers travelling on that mainline. As a consequence, we conclude that the conductor's order fell within the "human life" exception to Rule 103, and thus did not violate the rule.

4. The record does not permit us to establish with certainty whether the conductor did or did not comply with carrier Rule 113, proper securement of rolling stock.

The railroad's operating rules require that a car left standing on a track be secured by a handbrake or, if it is not working, by other means. Specifically, Rule 113 provides:

> when cars or drafts of cars are left standing on any track, a sufficient number of handbrakes must be applied to insure that they will not move from the position in which they have been left, and
>
> when necessary to secure or control cars by use of the handbrakes, they must be tested to insure they are working properly. If the handbrakes are defective, the cars must be securely blocked and the dispatcher notified.

The conductor had twenty years of experience, including frequent trips to this particular lumber yard. He was presumably aware that track 17 ran downhill to the east at that point and that the car would have to be secured. Unfortunately, it is impossible to determine what actions, if any, the conductor took to comply with either the securement or testing provisions of Rule 113. Neither the engineer nor the brakeman could see what the conductor was doing at the critical moment, i.e., just before uncoupling the flatcar. Obviously, one of the following scenarios occurred:

- he made no effort to secure the car,
- he attempted to secure the car through use of the handbrake, which he assumed was functioning properly,
- he chocked the wheels of the car with a piece of discarded wood found near the track (a practice known as "trigging," which appears to have been commonly used in this area when cars were brought to rest on a steep grade), and
- he attempted to secure the car through applying the handbrake and trigging the wheels.

We simply lack the evidence to reach a conclusion on which of these alternatives actually occurred.

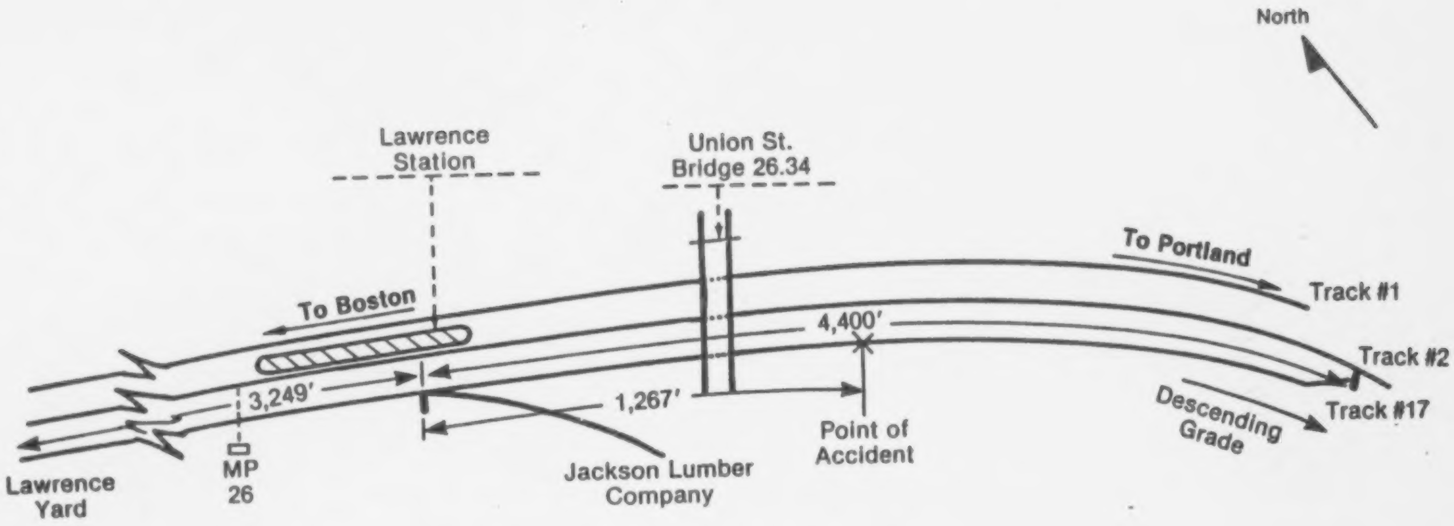
Equally unclear are the actions, if any, taken to comply with the handbrake test requirement. Here the absence of direct observation of the conductor's activities is compounded by the inability to determine with certainty when the actuator control rod failed. Moreover, the rule provides no guidance on what constitutes a "test." Several possibilities are as follows:

- the conductor made no effort to test the handbrake,
- the conductor observed the handbrake set and saw its release when the flatcar was picked up, and concluded on that basis that the brake functioned,
- the conductor tested the handbrake, and found it to be functioning, but subsequently, the actuator rod failed, causing the car to roll free, and
- the handbrake initially set properly, but disengaged after being placed in a set position.

The inability to resolve this issue was one of the more frustrating aspects of this investigation. We cannot, however, on the evidence before us, do more than conjecture on the crews efforts, if any, to comply with Rule 113.

5. The events which led to this accident are unique to the circumstances of this case. We find no commonality between the causative factors in this accident and the causative factors in the incident now under investigation at Saco, Maine.

Sketch of Accident Area


North
Lawrence Station
Union St. Bridge 26.34
To Portland
Track #1
To Boston
4,400′
Track #2
3,249′
1,267′
Descending Grade
Track #17
Point of Accident
Lawrence Yard
MP 26
Jackson Lumber Company

SUBCOMMITTEE RECESS

Senator **Lautenberg**. The next meeting of the subcommittee is on March 31. It is at 10 o'clock in this room. It will be the Federal Aviation Administration and the General Accounting Office.

[Whereupon, at 11:55 a.m., Thursday, March 24, the subcommittee was recessed, to reconvene at 10 a.m., Thursday, March 31.]

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1989

THURSDAY, MARCH 31, 1988

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:10 a.m., in room SD–138, Dirksen Senate Office Building, Hon. Frank R. Lautenberg (chairman) presiding.

Present: Senators Lautenberg, Harkin, D'Amato, and Kasten.

GENERAL ACCOUNTING OFFICE

STATEMENTS OF:

KENNETH M. MEAD, ASSOCIATE DIRECTOR, RESOURCES, COMMUNITY, AND ECONOMIC DEVELOPMENT DIVISION

DANIEL C. WHITE, DEPUTY DIRECTOR FOR PLANNING AND REPORTING, INFORMATION MANAGEMENT AND TECHNOLOGY DIVISION

ACCOMPANIED BY:

THEODORE P. ALVES, JR., INFORMATION MANAGEMENT AND TECHNOLOGY DIVISION

STEPHEN JACOBSON, INFORMATION MANAGEMENT AND TECHNOLOGY DIVISION

ALLEN LI, RESOURCES, COMMUNITY, AND ECONOMIC DEVELOPMENT DIVISION

ARTHUR A. SHANTZ, RESOURCES, COMMUNITY, AND ECONOMIC DEVELOPMENT DIVISION

MARY K. CHESTON, RESOURCES, COMMUNITY, AND ECONOMIC DEVELOPMENT DIVISION

OPENING REMARKS

Senator LAUTENBERG. Will the subcommittee please come to order?

Today the subcommittee will be examining the budget and program proposed for the Federal Aviation Administration. Defending the Administration's proposal will be T. Allan McArtor, the Administrator of FAA. He is going to be accompanied by his colleagues.

Before hearing from him, however, we will have the opportunity to hear from GAO on the most recent results of their ongoing investigations and studies. The principal witnesses for GAO are Ken Mead, Associate Director of the Resources, Community, and Economic Development Division, and Mr. Daniel C. White, Deputy Director of the Information Management and Technology Division.

The total fiscal year 1989 request for FAA amounts to almost $6.5 billion, including the obligation limit for the airport improvement program. This represents an increase of almost $800 million or 15 percent in new budget authority over the enacted level for fiscal year 1988. The operations account alone would grow by almost $300 million.

A major priority is to accelerate the process of restoring vital FAA work forces. In most cases, the shortages of trained personnel we are now facing are the direct result of short-sighted cutbacks earlier in this administration and of unrealistic, unreliable estimates of staffing needs.

One example: In 1982 FAA had 9,860 field maintenance technicians. By the end of fiscal year 1987, 5 years later, the administration had reduced its work force to 8,306.

Last year, no increase was proposed for the maintenance technician work force. This committee, however, added funding to fill over 300 vacant positions. This year we are told that another 200 personnel are required. What a difference a year makes.

Last year at this time, we were being assured that a controller work force of 15,225 would be entirely sufficient for the coming fiscal year. Then we got the June surprise. A budget amendment from the then-Secretary, Mrs. Dole, for almost 1,000 more air traffic personnel, including 580 additional controllers.

This year we are being asked to fund yet another 900 controllers in order to expand the controller work force to 16,900 by October 1, 1989. I am glad they are not doing forecasting for my personal portfolio.

Last year the budget included 178 additional aviation safety inspectors. This year the request is for 400 more. Taken as a whole, these are welcome and refreshing changes. They reflect, hopefully, a recognition that concerns of Congress, GAO, and others about the shortages of qualified staff were legitimate.

At the same time, however, there remains some serious questions about the reliability and accuracy of the procedure that FAA uses to estimate its staffing requirements and for developing stable, long-term plans for satisfying them.

We are very disturbed to note by way of example that the number of full performance level [FPL] controllers has actually decreased since last October. So in the light of the assurances that we have been given in the past, something is obviously wrong.

Today, we will be exploring these and related issues with the witnesses from GAO, and with the Administrator, Mr. McArtor, and his colleagues.

The capital side of the budget also proposes very substantial increases for the National Airspace System plan projects. There is no question but that we have to move forward with the modernization of our aviation infrastructure. And this subcommittee has steadfastly supported that effort.

At the same time, we have a responsibility to assure that this multibillion-dollar investment is managed as carefully and prudently as possible. We have got to make sure that systems and equipment purchased with trust fund dollars will be acquired and installed in the proper sequence, and that they will be thoroughly tested to assure that they are going to work the way they are supposed to.

The NAS plan is an extremely complex undertaking. It is also the largest civilian procurement since the Apollo program which got this country to the Moon. If the only way to expedite the NAS plan is for government to assume more risks, then we ought to know what those risks are and how they can be met.

In this context, I want to take a moment to put one issue to rest. Recently the Secretary of Transportation, Mr. Burnley, has been going to various forums, from one to another, blaming the Appropriations Committee for delays in the NAS plan.

This committee takes strong exception to that allegation. At best it is a misinformed statement. I do not understand it because it is in direct conflict with testimony received last year when we asked the following question: "Are any NAS plan projects currently being delayed due to inadequate funding?" And the answer was, "There are no NAS plan projects being delayed due to inadequate funding." This is clearly in the text of the transcript of the hearing.

Finally, the most fundamental issue in any consideration of FAA's budget program or management, of course, is safety. It certainly is the paramount concern of this Senator and of this subcommittee.

FAA must understand that it has undermined its credibility with self-serving statements in the evaluation of the safety of the system. Public relations and public reassurance have clearly been more important than objective analyses.

The consistent pattern has been to spotlight the statistics that give the most favorable safety reading at any given point, while discounting other less rosy indicators as unreliable or irrelevant.

Last year at this time we were being reassured that, despite sharp increases in near-midair collisions, operational errors, pilot deviations, and other measures, the skies were entirely safe.

After all, we were told that 1986 was one of the safest years in aviation history. There was not a single accident involving a major American air carrier that year.

So how could anyone think that the margin of safety might be eroding? Well, we all know what happened. In 1987 scheduled carriers had their worst safety record since 1974, and the commuters had the highest number of accidents in the decade. Overall, there were, including general aviation, 2,589 aviation accidents and 1,146 fatalities.

At the same time, of course, any downturn in near-midairs or operational errors had in the past been cited as evidence that the system's safety was improving. Now, you cannot have it both ways.

So that is why our report last year directed FAA to establish a standard set of safety indicators. We will be interested to learn the current status of this project, and whether we can have a set of indicators in place this year.

In any case, pilots are still reporting an average of nearly two near-midairs each day. Operational errors and pilot deviations are still at unacceptably high levels. Safety in the skies is still not at the level it should be.

I am hopeful that FAA, under Mr. McArtor's leadership, will take a different, more aggressive approach to assuring an acceptable margin of safety. For too long, FAA has been almost entirely reactive in dealing with potential safety problems.

If there is one constant in modern aviation it is change, rapid change. And changes, whether economic, technological, operational, or legal often have important safety implications.

In the past, FAA's pattern has been to defer action until some crystalizing and sometimes tragic event occurs. The special commuter inspection effort, announced a few weeks ago, is a perfect example.

For the past several years, NTSB, the Congress, and other observers have been raising concerns about maintenance, operating practices, and crew qualifications in the commuter sector.

But FAA apparently made no effort to enhance its surveillance of commuters until the recent rash of accidents. Well, I believe FAA needs to do a better job of getting ahead of events, and I am confident that Mr. McArtor and others in responsible positions at FAA would agree.

At last summer's hearing, I said that I hoped we could have a relationship with mutual confidence and respect between this subcommittee and FAA. On the basis of my discussions with the Administrator, I believe that we can do that.

I am sure that all of us here share the same ultimate goal of a better, safer, more efficient and reliable aviation system. I look to working together with all of you, the FAA, as well as the GAO, to accomplish that.

We have the distinguished ranking member of the subcommittee with us. Senator D'Amato, do you have a statement?

STATEMENT OF HON. ALFONSE M. D'AMATO, U.S. SENATOR FROM NEW YORK

Senator D'Amato. Thank you, Mr. Chairman. Mr. Chairman, I am pleased to join with you in welcoming this morning's witnesses.

The administration's fiscal year 1989 budget contains an increase of some $787 million for the FAA. I am interested in hearing from our witnesses as to how these funds will be spent and whether all of the funds can be obligated in fiscal year 1989.

There seem to be indications that there is a very real, legitimate question as to the necessity for all of these funds, and whether they can be spent.

Particularly given the GAO's reports of FAA equipment being stored in warehouses because FAA facilities have not been built to receive it, or there is no staff available to install the equipment, et cetera, it leaves one to wonder if we are involved in a far more aggressive plan than we were originally led to believe could be implemented, and one with unrealistic timeframes. I am talking about the NAS plan and its implementation.

Lord knows we have had one of the most incapable, worst, most inefficient, ineffective FAA administrators in Lynn Helms than anyone could ever possibly imagine. I would like to say that now, and it should not come as a shock, I have said it before.

Now we have a program and a plan which my be underbudgeted by some $10 billion. We have an ambitious plan that is necessary in terms of safety. But the question is, realistically, are we just continuing his fiasco?

Or are we beginning to make the kinds of modifications that will bring about realistic goals and a realistic timeframe with adequate funding and not just continuing blindly to go the Helms way? And it is not Jesse Helms, that is Lynn Helms.

Now, I have previously stated my objections, because I was criticized sometimes for making some of these "rash" statements, which have proven I think not to be so rash.

I have previously stated my objections to the administration's unrealistic budgets. We are asked to provide increases of $1.2 billion for aviation and Coast Guard. But were asked to do it by deleting $580 million from Amtrak and by cutting transit aid more than $1.7 billion.

The administration should understand that that kind of gain is one that has and will continue to be rejected, and it places a very significant burden on the important functions and responsibilities with which Congress is charged.

Yesterday, I am pleased to note, the Senate Budget Committee rejected the administration's proposal by approving funding for Amtrak at current rates, as well as a 6-percent increase in transit operating aid and a 16.7-percent cut in formula grants.

The FAA was increased a total of 19 percent, $319 million over the administration's request. While I certainly do not agree with everything the Budget Committee proposed for function 400, if this budget resolution is approved by the Senate as I anticipate it will, it certainly will give us a decent reference point for Appropriations Committee decisions on 302(b) budget allocations.

Under the administration's budget, FAA operation funds are up from $295 million, or 9 percent, from the $3.15 billion in 1988 to $3.44 billion. Now, this includes moneys to provide 900 new air traffic controllers.

FAA plans to reach 16,800 controllers by the end of fiscal year 1989, which would exceed the prestrike controller work level. This subcommittee directed the FAA to reach 15,900 controllers by the end of this fiscal year, and the FAA tells us this will happen. That would be a welcome thing indeed.

The FAA's capital budget would be increased by $492 million, or 44 percent. This large infusion of capital is for program elements of the FAA's National Airspace System, the NAS plan, to modernize air traffic control.

That is nice to say we want to modernize it, and by gosh it is necessary. I think we have to do it realistically in terms of what can be accomplished, and not just by putting more money in the program.

Indeed, I think it is important to see to it that those precious dollars that we have are used to maximize air safety.

I would have to say in looking at some of the testimony by the GAO and some of the reports that there is a very real problem when you are taking millions and millions of dollars' worth of equipment and warehousing it. Having only 1 out of 12 of the regional facilities even near or close to completion or on target, all of the others behind is not good. And then we simply hear the request, we need more money.

Well, if we really need more money then I understand. But, just to pile up money and then to pile up equipment and to fall further behind and to not to have an accurate estimate as to how much it is going to cost us for this plan, suggests that maybe the plan needs some modifications and some rethinking.

I think that is important, Mr. Chairman. I commend you for bringing GAO in so that we can ask them these questions, and try to get an objective view of where we are going and how best to get there.

Thank you, Mr. Chairman.

Senator LAUTENBERG. Thank you, Senator D'Amato. We share similar concerns, both of us in the area of the country that has some of the heaviest aviation dependence that any sector of our nation has. And we want our people to be able to fly reliably but above all safely. And that is a principal concern.

As we invest these billions of dollars we would like to be sure as much as one can be assured that we are handling the taxpayers' money prudently and that we know where we are going and how we intend to get there.

We welcome the GAO here this morning. We will have, I understand, a statement from Mr. Mead and a statement from Mr. White. And I would ask you to try to confine your remarks to summary form, and if you can do it in 5 minutes we would prefer it. If you need a couple minutes more, why, we will be reasonably tolerant.

We hope not to be on an airline schedule here, that we will be able to come close to the mark. We invite you, Mr. Mead, to give us your comments.

STATEMENT OF KENNETH MEAD

Mr. MEAD. Thank you, Mr. Chairman. If I might introduce my colleagues at the table.

To my right is Dan White. Dan oversees nearly all of GAO's work in ADP acquisitions. And to his right are the teams that have——

Senator LAUTENBERG. What did you say, what kind of, ADP?

Mr. MEAD. ADP, computers.

Senator LAUTENBERG. ADP. That is the name of my company. Now, this is no connection. This is the generic ADP. Right?

Mr. MEAD. Yes sir.

Senator LAUTENBERG. OK, thank you. I just wanted to be sure ADP is not advertising here this morning.

Mr. MEAD. And to his right is our team on the AAS, Steve Jacobson and Ted Alves. To my left, Allen Li, Art Shantz, and Mary Cheston.

Mary is responsible for our work in the human resources area. Allen and Art are responsible for our work in the NAS plan area.

Mr. Chairman, we appreciate the opportunity to comment today on FAA appropriation issues. Over the past few years our work has focused on how well FAA is ensuring aviation safety and the agency's efforts to modernize air traffic control through the National Airspace System plan.

This year the host computer, one of the NAS plan's 12 major systems, came online to replace aging ATC computers at most air route traffic control centers.

FAA also intensified efforts to hire additional controllers. FAA's fiscal year 1989 budget request reflects the continuation of this effort. Funding increases have been requested.

Many NAS plan projects are entering a critical stage in which contractors are delivering equipment to FAA field sites. Accordingly, a major challenge facing FAA today is the integration and deployment of NAS projects reasonably within budget, according to realistic schedules, while hiring adequate numbers of staff for its work force.

Our testimony today will center on four issues. The work of FAA's systems engineering and integration contractor, the cost of ATC modernization, the modernization schedule, and determining how many controllers and maintenance technicians will be needed.

Overall, our work indicates that the cost of ATC modernization will be considerably more than the current $15.8 billion estimate, and that corrective actions will be needed soon to avoid further schedule slippage.

SYSTEMS ENGINEERING AND INTEGRATION CONTRACTOR

It is important to recognize that the systems engineering integration contractor, the acronym for which is SEIC, must integrate thousands of ATC components within the constraints of the 1981 NAS plan design. That is because the SEIC did not get its contract until 1984.

The SEIC can and does provide technical direction and advice to FAA and NAS contractors. However, the SEIC has no contractual authority over those contracts.

We found the SEIC made important contributions to the progress of the NAS plan. These contributions were also viewed as valuable by FAA officials at headquarters and in the field.

For example, the SEIC identified hundreds of incomplete or incorrect interfaces between systems caused by FAA's initial 1981 design. Corrective actions have been initiated or planned in the form of engineering changes or new projects.

The SEIC also has responsibilities for developing architect and engineering plans for FAA facilities. And there are problems in this area. Facility design work must usually begin before equipment is delivered. That way the facilities are ready when the equipment arrives.

Milestones for design work at FAA's air route traffic control centers have not been met, and a default letter was drafted in February 1988 to notify the SEIC of nondelivery of scheduled work.

Further, there is a dispute between FAA and SEIC about the SEIC's responsibilities for doing design work at other FAA facilities, like radar sites and towers. That work will either have to be performed by the SEIC, another contractor, or handled by FAA staff. Resolution of this is essential, if schedule delays are to be avoided.

NAS PLAN COSTS

FAA's estimate of $15.8 billion for the basic NAS plan projects authorized by the Congress does not reflect all that will be necessary to meet original NAS plan goals and objectives.

To date, the SEIC has identified changes in projects that could raise costs to about $24 billion by the year 2000. These costs fall into two basic categories, cost increases to the original NAS plan, and other capital needs.

The SEIC has identified about $2 billion in engineering changes and funding increases to existing NAS plan projects. The engineering changes, which total about $1 billion, are identified by review boards as needed to integrate various systems and to correct inadequacies in the current NAS plan design.

The current cost estimate also does not include a $1 billion risk allowance, the purpose of which is to compensate understated procurement costs.

The NAS program director has asked the SEIC to develop proposals for cost reduction from the amount of these increases. Those reductions are being made possible by deferring activities or in changing requirements. But as of March 1988, $104 million had been identified as possible offsets, of which $94 million had been approved.

There are also additional ATC modernization costs. These also have been identified by engineering review boards, and amount to about $6.4 billion in new NAS projects and other capital needs.

In our view, the distinction between NAS plan and the other modernization costs clouds the issue of how much ATC modernization could cost. And we think it conveys an incomplete picture.

These projects and equipment needs are clearly part of the modernization effort, and hence have a direct link to NAS plan goals and objectives. Examples of additional equipment requirements include airport surveillance radars, long-range radars, and communications equipment.

The potential near-term impact of the funding of these engineering changes and new projects could require a change in current authorization levels. For example, implementing the approved engineering changes identified to date could require an increase of $275 million over the authorization level established for fiscal year 1990.

FIELD IMPLEMENTATION

Let us talk for a moment about implementation in the field. If more equipment is delivered to the field, the focus on meeting NAS plan milestones will shift from the project developers to project implementors, who are FAA regions.

Regions have not been able to keep pace with system deliveries. The regions attribute this, at least in part, to inadequate staffing, and there are other contributing conditions.

Project implementation plans, for example, are generated by headquarters to provide guidance on implementation on specific systems. However, these plans are general in nature, and must be made substantially more specific and detailed before they can be used by a particular facility.

According to FAA regional staff, the staff and time needed to do this is often not adequately taken into account by headquarters when it sets up delivery schedules.

Regions also currently lack project management tools that calculate regional delivery dates in a way that takes into account the installation work force available. Consequently, regions have not been able to install the equipment when it is delivered.

A recent SEIC report indicated that of 248 equipment deliveries scheduled by headquarters between February and July of this year, nearly 44 percent had a more than 2-month difference between the regional and headquarters schedules.

When the regions cannot install this equipment, it must be stored either at the regions or at the FAA depot in Oklahoma City. FAA headquarters is aware of the need for project management system in the regions, and the SEIC is now developing one.

FAA plans to address the regional staffing shortfalls through what is called a technical support services contract. They have an acronym for that too, that is the TSSC.

However, we found that this proposal makes provision for about 2,000 fewer staff-years than FAA's internal estimating system indicates would be necessary. We believe it would be prudent for FAA to account for this before contract award.

In practical terms, either sufficient resources must be applied to meet the current headquarters schedule, or the schedule must be changed.

WORK FORCE ISSUES

I will talk for a moment about controller and maintenance work force issues. Since last year, FAA has made progress in increasing controller and maintenance staffing. However, FAA cannot say with confidence how many people it needs to operate the current ATC system. Or a modernized National Airspace System.

The key reason for this is that FAA's internal staffing models are not reliable. FAA's controller staffing standards underestimate needs because, among other things, they do not provide sufficient staff to cover peak traffic periods, and have not been validated. The agency is now reexamining airport terminal staffing standards.

Now, the maintenance staffing standard is better designed than the controller staffing standard. But in general it has not been used as the basis for FAA's budget request.

We reported in September 1987 that FAA prematurely reduced maintenance staffing, because it thought it would achieve productivity benefits. The productivity benefits did not occur, due to slippage in NAS plan projects.

The fiscal year 1989 budget is a step in the right direction because it reflects the first time that FAA has requested increases for all the major work forces.

Both staffing standards also understate requirements because they do not provide for an adequate trainee pipeline to replace those who leave, and two, to meet future work loads.

It takes several years of training for controller and maintenance staff, and it is not a one-for-one replacement issue. That is why FAA needs enough individuals in training now so that fully trained staff will be available to replace those who have retired.

Once FAA has identified its staffing requirement, it needs to bring employees on board quickly. FAA is streamlining its hiring process by doing its own testing of controller candidates and performing some preemployment checks formally done by OPM. That is the Office of Personnel Management.

To summarize, Mr. Chairman, our findings suggest to us the need not only for reliable projection for staffing requirements but also a need for a redefined NAS plan that clearly reflects all projects and costs, and a realistic agencywide schedule that takes into account constraints on installation, such as work force shortages.

We believe a redefined NAS plan will go a long way toward enhancing the basis for making future implementation decisions and permit the setting of priorities that may be needed in light of work force constraints and potential funding needs.

Mr. Chairman, part of GAO's mission is to call the shots as we see them, and we tried to do that today. Mr. McArtor and his team, though, have the most difficult job of all. That is, making the operational fixes to respond to these problems.

And I would just like to close my remarks by saying that it is our sense that Mr. McArtor and his team are committed in every sense of the word to facing up to these challenges and tackling these problems. Thank you.

Senator LAUTENBERG. Thank you very much. I am sure Mr. McArtor is relieved to hear that, after the stream of criticism that we heard. They are not personal criticisms. You will have a chance to respond, of course.

[The statement follows:]

STATEMENT OF KENNETH M. MEAD

We appreciate the opportunity to comment on Federal Aviation Administration (FAA) appropriation issues. Over the past few years, our work has focused on how well FAA is ensuring aviation safety and the agency's efforts to modernize air traffic control (ATC) through the National Airspace System (NAS) Plan. The concerns we expressed to this subcommittee last year focused on FAA's schedule delays in developing major NAS systems. This year, many NAS Plan systems have entered a critical phase in which contractors are delivering equipment to FAA field sites. Accordingly, a major challenge facing FAA today is the integration and deployment of numerous NAS systems within budget and according to realistic schedules while also hiring adequate staff for its controller and maintenance work forces.

Our testimony today will center on four issues: (1) the work of FAA's systems engineering and integration contractor; (2) how much ATC modernization could ultimately cost; (3) when modernization will be completed; and (4) how many controllers and maintenance technicians will be needed. Overall, our work indicates that the cost of ATC modernization will be considerably more than FAA's current $15.8 billion estimate and that corrective actions are needed if further schedule delays are to be avoided.

BACKGROUND

Introduced in December 1981, the NAS Plan is the nation's largest civilian technology project since the Apollo project. Air traffic control computers, radars, communications and facilities are being modernized. Major benefits projected include the ability to safely handle traffic growth, reduced maintenance requirements, and enhanced air traffic controller productivity.

Six years into the NAS Plan, many contractual commitments have been made for NAS systems; however, of the 12 major NAS Plan systems, only one--the Host computer--is nearing completion. A comparison of operational readiness dates listed in the 1983 plan and the 1987 plan shows major system schedule delays ranging from 1 to 5 years. Development of systems has proven to be more difficult, time-consuming and costly than FAA expected. Consequently, anticipated benefits are being deferred.

SYSTEMS ENGINEERING AND INTEGRATION ASSISTANCE

The magnitude and complexity of integrating all ATC system components became apparent shortly after the NAS Plan was published in 1981. In 1984, FAA selected Martin Marietta Corporation as its systems engineering and integration contractor (SEIC) to assist it in implementing the plan. The contract is valued at over $900 million over a period of 10 years and provides for the award of a semi-annual fee on the basis of FAA performance evaluations.

The SEIC has contributed to the progress of the NAS Plan; however, for the most part, its control over the design of the systems in the plan is limited. The SEIC must integrate thousands of ATC system components within the constraints imposed by FAA's contractual agreements in furtherance of the 1981 NAS Plan design. Although the SEIC has no contractual authority over other NAS Plan contractors, it does technically monitor, support, or direct their activities. For example, it can advise FAA when a vendor's equipment is not meeting requirements or is falling behind schedule. In this respect, Martin Marietta's role is akin to a technical adviser.

The SEIC's contributions were viewed as valuable by FAA officials at headquarters and in the field. For example, the SEIC identified hundreds of incomplete or incorrect interfaces between systems. These problems were caused by FAA's initial design. As a result of the SEIC's work, corrective actions have been initiated or planned in the form of engineering changes and new projects.

We believe that FAA's ratings of the SEIC reflect the agency's overall satisfaction with the contractor's performance. Because FAA's evaluation criteria are highly subjective, it is not feasible for us to judge whether Martin Marietta exceeded objectives and deserved to receive a high rating justifying the fees awarded to date. There are, however, several matters that require prompt corrective action by FAA.

Use of SEIC employees. Some SEIC employees are under the day-to-day supervision and direction of FAA regional staff. The current arrangement places these SEIC employees in an improper employee-employer relationship with FAA. Although the number of SEIC employees working in this way is small relative to the total number of SEIC personnel involved with NAS Plan engineering and integration activities, FAA needs to take action to discontinue the practice and ensure that its employees are not supervising any SEIC personnel.

Unresolved facility design work responsibilities. The SEIC has a major responsibility in developing architect and engineering plans for FAA's ATC facilities. However, the scope and timing of its contributions are in dispute.

Facility design work must begin about 2 years before scheduled equipment deliveries so that facilities can be ready when the equipment arrives. The SEIC's facility design subcontractor has not met milestones for site-specific design work at FAA's air route traffic control centers. A revised schedule to accomplish the work was unacceptable to FAA's structures program manager, and a default letter was drafted in February 1988 to notify the SEIC of non-delivery of scheduled work. Further, there is a dispute between FAA and the SEIC about the SEIC's responsibilities for doing site-specific design work at hundreds of other FAA facilities, such as airport towers and radar sites. FAA assigned the SEIC responsibility for site design at these facilities in 1987. However, SEIC officials believe that this work was beyond the scope of their responsibility. This design work will either have to be performed by the SEIC, another contractor, or FAA staff. In our opinion, resolution of this uncertainty is essential if further schedule delays are to be avoided.

NAS PLAN COST WILL EXCEED PREVIOUS ESTIMATES

FAA's estimate of $15.8 billion for the basic NAS Plan projects authorized by the Congress does not reflect all changes and projects needed to meet original NAS Plan goals and objectives. The SEIC has identified changes and projects that could raise modernization costs to about $24 billion by the year 2000.

Cost Increases to Original NAS Projects. The SEIC has identified about $2 billion in engineering changes and funding increases to existing NAS Plan projects.

Although all engineering changes were identified by FAA engineering review boards as needed to integrate various systems and to correct inadequacies in the current NAS Plan design, none are included in FAA's $15.8 billion estimate of NAS Plan costs. Of the $1 billion in engineering changes, about $260 million have already been approved by FAA for inclusion in future funding requests. According to the SEIC, valid engineering change requirements totaling about $740 million still require FAA funding approval.

The current $15.8 billion NAS Plan cost estimate also does not include a $1 billion "risk allowance," the purpose of which is to compensate for understated procurement costs. The SEIC views such understatements as likely to occur.

The NAS Program Director has asked the SEIC to develop proposals for cost reduction, or offsets, from existing NAS projects equal to the amount of these increases. Such reductions are made possible by deferring activities or changing requirements. As of March 1988, $104 million had been identified as possible offsets from deleting projects, of which about $94 million has been approved. Therefore, if no additional offsets are found, basic NAS Plan costs could total $17.8 billion--not $15.8 billion.

Additional ATC Modernization Costs. FAA engineering review boards also identified new NAS projects and additional equipment needs that are classified as "other capital needs." These new projects and additional equipment needs did not appear in the original NAS Plan, so FAA has not included their costs in its $15.8 billion NAS Plan estimate. However, they are clearly part of the ATC modernization effort and, hence, have a direct link to NAS Plan goals and objectives. The SEIC estimates that these additional requirements will cost about $6.5 billion to implement. If FAA plans are not changed, NAS projects and additional equipment needs could cost about $24 billion by the year 2000.

Examples of such equipment requirements that have been approved by engineering review boards include additional airport surveillance radars, long-range radars, and advanced surveillance and communications equipment. Examples of new projects include $191 million for fuel storage tanks needed for emergency power generation and $2 billion to extend and continue NAS support activities, such as facility relocations, beyond 1992.

Impact of Increased Modernization Costs. The near term budget impact of these engineering changes and new projects could require funding requests that exceed current authorized levels. Specifically, the Airways and Airport Capacity Act of 1987 provided for authorizations of about $2.2 billion for fiscal year 1990. According to the SEIC, implementing the additional approved engineering changes identified to date would exceed authorized facilities and equipment levels by $275 million in fiscal year 1990. Appropriations for facilities and equipment for fiscal years 1989 through 1992 would have to increase by about $2 billion over original estimates.

In our view, this suggests that now is an appropriate time for FAA to combine the "old NAS Plan" with "new" ATC modernization requirements, and to develop distinct project categories of required and funded, required and not funded, and deferrable. This analysis would permit the setting of priorities and the resulting funding schedule for the next 3 fiscal years and beyond. Currently, the cost distinction between NAS Plan and "other capital needs" clouds the issue of how much ATC modernization could cost and results in an incomplete picture of the magnitude of the modernization initiative.

POOR PROJECTION OF REGIONAL RESOURCES ADVERSELY IMPACTS NAS IMPLEMENTATION

Implementation of NAS Plan systems is underway. As more and more equipment is delivered to the field, the focus on meeting NAS Plan milestones is shifting from the project developers in headquarters to project implementors--FAA's nine regions. Regions have not been able to keep pace with system deliveries. While the four regions we visited as part of our assessment of regional construction attributed the situation primarily to inadequate staffing, there are other contributing conditions.

Site-specific Project Implementation Plans. Project implementation plans are generated by headquarters to provide guidance on the implementation of specific systems. However, because these plans are general in nature, they must be made substantially more detailed before they can be used by a specific facility. According to FAA field staff, the personnel and time needed to do this is often not adequately considered in headquarters schedules and resource estimates. For example, the Seattle air route traffic control center staff had to add substantial detail to the national Host computer project implementation plan provided by headquarters before completing its site-specific plan. According to a center official, the headquarters document provided no guidance as to how the system was to be implemented. The center was able to meet the commissioning deadline for the Host computer only because of a 6-month delay experienced by the contractor. This delay allowed the center staff enough time to develop and implement site preparation, installation, and testing procedures.

Regional Project Management Tools. Regions currently lack an integrated project and resource management tool. They use a national facilities and equipment reporting system supplemented by locally-developed automated programs to help schedule NAS implementation. However, these tools cannot calculate regional delivery dates, which are based on the installation work force available. To date, regions have not been able to install equipment when it is delivered. A recent SEIC report indicated that, of 248 equipment deliveries scheduled by FAA headquarters between February 1988 and July 1988, 44 percent involved significant discrepancies between headquarters and regional schedules. While to the regions the delivery date is when they are ready to install the equipment, to FAA headquarters the date marks when the vendor will deliver equipment to the field. When the regions cannot install this equipment, it is stored either in the field or at the FAA Depot in Oklahoma City. For example, one region has been storing navigational-aid equipment for as long as 16 months because of insufficient staff.

FAA headquarters is aware of the need for a project management system in the regions. The SEIC is now developing such a system--the Regional Project Management System (RPMS)--the purpose of which is to provide a firmer foundation for determining installation resource requirements and installation schedules. However, according to responsible SEIC staff, there is no requirement for reconciling equipment delivery date differences between regions and headquarters. Resolution of this matter is needed before the RPMS can be implemented.

Acquisition of Implementation Support. FAA plans to address regional staffing problems in implementing NAS systems with a technical support services contract (TSSC) to be awarded this summer. However, we found that the TSSC request for proposals makes provision for about 2,000 fewer staff years than FAA's resource estimating system indicates would be necessary. We believe it would be prudent for FAA to account for this staffing disparity before the TSSC is awarded. This is important because, in practical terms, either sufficient resources are applied to meet the current headquarters schedule or the schedule must be extended to account for work force constraints.

CONTROLLER AND MAINTENANCE WORK FORCE ISSUES

In addition to NAS Plan cost and scheduling problems, FAA cannot say with confidence how many people it needs to operate the current ATC system or a modernized NAS. Since last year FAA has made progress in increasing its controller and maintenance staffing to a level of 13,240 air traffic controllers--including 8,904 full performance level controllers--and 8,493 field maintenance employees, as of February 29, 1988.

Our work on FAA's rebuilding of the controller work force shows that while FAA has been increasing staffing since the 1981 strike, FAA has underestimated its controller requirements. In addition, FAA prematurely reduced its maintenance staffing by anticipating productivity savings from new systems which are only beginning to reach the field.

A key reason why FAA cannot confidently project its staffing requirements is that its internal staffing models are not reliable. FAA's controller staffing standards underestimate needs because, among other things, they do not provide sufficient staff to cover peak traffic periods and have not been validated. The agency is currently reexamining its standard for airport terminal staffing.

Although better designed than the controller staffing standards, FAA's maintenance staffing standard has not been used as the basis for FAA's budget requests. We reported in September 1987[1] that FAA prematurely reduced its maintenance staffing in anticipation of productivity benefits which did not occur because of delays in NAS Plan projects. For example, from 1984 until this year's budget request, FAA had requested reduced field maintenance staffing because modernized systems were expected to reduce work load. The fiscal year 1989 budget is a step in the right direction because it reflects the first time that FAA has requested increases for all of its major work forces.

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[1] FAA Staffing: Challenges in Managing Shortages in the Maintenance Work Force, (GAO/RCED-87-137.)

Both staffing standards also understate requirements because they do not provide for an adequate "pipeline" of trainees to (1) replace those who leave and (2) meet future work loads. FAA's controller and maintenance personnel require several years of training before they are able to carry full work loads. Many of these employees are currently eligible to retire, and to provide for smooth NAS operations, FAA needs to have enough individuals in training now so that fully trained personnel will be available to replace those who retire.

Once FAA has identified its staffing requirements, it needs to be able to bring employees on board as quickly as possible. Recognizing that its current hiring process is time-consuming and inefficient, FAA is streamlining its hiring process by doing its own testing of controller candidates and performing some pre-employment checks formerly done by the Office of Personnel Management. FAA's transition to a modernized NAS also has major implications for the types of people FAA recruits and the way FAA's major work forces are trained. At the request of the House Subcommittee on Investigations and Oversight and this subcommittee, we are examining FAA's programs for recruiting, hiring, and training its controller, inspector, and maintenance work forces.

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To summarize, we found that modernizing the ATC system will cost more and take longer than the original NAS Plan indicated. Modifications and additional projects identified by FAA's SEIC as necessary to meet established performance requirements could raise the total cost of NAS modernization to about $24 billion by the year 2000. Furthermore, FAA may not have the necessary controller and maintenance work force--in terms of numbers, skills and abilities--needed to transition for the future ATC system.

Our findings suggest to us the need for a redefined NAS Plan that clearly reflects all projects and costs; an agency-wide schedule and the constraints on installation, such as maintenance work force shortages. We believe a redefined NAS Plan will enhance the basis for making future implementation decisions and permit the setting of priorities that may be needed in light of the significant increase in projected funding needs.

This concludes my prepared statement. I will be pleased to respond to any questions you may have.

STATEMENT OF DANIEL WHITE

Senator LAUTENBERG. Mr. White, we look forward to hearing from you.

Mr. WHITE. Mr. Chairman, we are pleased to be here today to discuss the Federal Aviation Administration's plans to modernize the air traffic control computer system by acquiring the Advanced Automation System, or AAS.

This committee asked us to evaluate FAA's actions in response to committee direction to obtain more technical information and modify test plans before awarding the AAS contract. Our evaluation shows that FAA appears to have generally complied with this direction. The results of this evaluation are included in an attachment to my prepared statement.

As requested, I will also address the results of the benefit/cost study that FAA performed in response to direction from the Conference Committee on FAA's fiscal year 1986 appropriation. I will summarize our evaluation results. Additional details are contained in my prepared statement and the attachment.

The Conference Committee asked FAA, before awarding the multibillion-dollar AAS contract, to demonstrate that, one, AAS is a prudent investment, and two, the selected alternative is the most cost-beneficial way to achieve FAA objectives.

We agree that modernization of this nation's air traffic control system is important and should be a priority. However, it is not clear to us that FAA's benefit/cost study reasonably analyzed or properly considered plausible alternatives to its preferred approach. Thus, FAA may not have defined the most cost-beneficial investment.

My testimony is based on our review of the ongoing AAS program. Because the review is still in process, our observations are preliminary. Further, the benefit/cost study, prepared by the MITRE Corp. under FAA direction, was just completed and the draft has not yet been approved by the Department of Transportation.

AAS is being acquired to increase controller productivity, reduce FAA's operating costs, save fuel and passenger time, and allow FAA controllers to handle anticipated air traffic increases more safely and efficiently. AAS will replace FAA's aging air traffic control computer systems with new hardware, software, and controller workstations.

The draft study states that modernizing the air traffic control computer system is a good investment, and our limited analysis has not disclosed anything that would cause us to disagree with this conclusion.

FAA'S CONSOLIDATION PLANS

FAA concluded that the most cost-beneficial approach was to close about 180 terminal control facilities which control aircraft around airports and to provide their functions at 23 large centers that would control traffic both around airports and at higher altitudes. In contrast to the Conference Committee direction, we found no evidence that FAA fully analyzed or properly compared a range of alternatives for the AAS program elements. For example, the study failed to properly compare alternatives that consolidated terminal control facilities with alternatives that do not consolidate these facilities.

Regarding the facility closures, FAA plans to close terminal control facilities beginning in 1995. Examples of consolidation include closing the terminals now at Albany, Binghamton, Buffalo, Elmira, Rochester, Rome, and Syracuse, NY, and transferring their functions to Nashua, NH. Similarly, the terminal facilities at Gulfport, Jackson, and Meridian, MS, would be closed and their functions moved to Memphis, TN.

According to the draft study, the driving force behind FAA's consolidation plans is the economies of scale that can be achieved. However, the study also discussed several disadvantages, including: (1) increased vulnerability to the loss of air traffic control services in the event of fire, earthquake, or other catastrophes; (2) problems associated with personnel relocations; and (3) the need for additional controllers during transition from the old to new facilities. Another disadvantage cited in a related study is the likelihood of local opposition to the adverse economic impacts often associated with closing major federal facilities.

FAA did not directly compare nonconsolidated terminal control alternatives to consolidated terminal control alternatives with similar capabilities. Using data from the study, we were able to estimate the impact a nonconsolidation alternative would have on terminal control area costs and benefits.

The results show that under this terminal control alternative, costs could be reduced by over $750 million, while giving up benefits of approximately $200 million. This alternative also appears to alleviate the disadvantage of consolidation, but a complete analysis would need to address other operational considerations. Therefore, although we do not necessarily advocate this alternative, we believe this analysis illustrates that a proper comparison requires that terminal alternatives be independently evaluated.

BENEFIT/COST STUDY WEAKNESSES

Further, our preliminary analysis of the draft study disclosed that it used: (1) an unsound methodology to estimate AAS benefits, and (2) a sampling plan to measure the inefficiency of the present system that may overstate the benefits.

On the other hand, FAA's study is based on an Office of Management and Budget approved discount rate that differs from the one preferred by GAO. The rate used by FAA tends to substantially understate net benefits. Again, despite these concerns, we have no reason to believe that the AAS project is not a good investment.

I would also like to mention briefly FAA's use of passenger time savings as the largest expected AAS benefit. The study reports that FAA's full consolidation alternative has costs of $3.8 billion, benefits of $7.3 billion, and yields $3.5 billion in net benefits. We estimate that $4.2 billion of the expected $7.3 billion in benefits is made up of time saved by passengers due to more efficient flights. For example, if a flight carrying 300 passengers saved 5 minutes due to AAS, the savings would be 1,500 minutes or 25 hours. FAA valued a passenger-hour as worth $25. Totaled over the millions of flights controlled by FAA during the lifetime of AAS, the savings are in the billions.

Further analysis shows that 71 percent of the $4.2 billion in passenger time savings is in increments of less than 15 minutes. Both GAO and the Office of Management and Budget have questioned the value placed on small passenger time savings. We further question whether savings of a few minutes for many passengers should be the major factor in justifying a multibillion-dollar program.

INDEPENDENT COST ESTIMATE RESULTS

I would also like to point out that an independent cost estimate, which was also required by the Conference Committee, concluded that AAS costs could total $5 billion or about $1.6 billion higher than the program office's December 1987 estimate of $3.4 billion. FAA disagrees with the independent cost estimate and has decided not to adopt it.

OBSERVATIONS

We believe FAA needs to fully analyze other terminal control facility alternatives, including some that require little or no consolidation. The contract FAA plans to award in July 1988 will not provide the flexibility necessary to acquire the number and types of equipment needed to implement a nonconsolidation alternative.

We also believe it is important that FAA not lock itself into an approach that precludes nonconsolidation. Therefore, we believe FAA should: (1) not award the contract until it has identified the number and types of equipment needed for a nonconsolidation approach, and (2) amend the request for proposals to permit acquisition of this equipment in the event a nonconsolidation alternative is selected. I would add that FAA officials have told us that such an amendment could be initiated, and they are looking into possibly doing this.

Finally, if FAA still chooses to consolidate facilities, we believe that in the light of the potential impact of facility closings on local economies, FAA should consult with key congressional committees and local officials before proceeding.

PREPARED STATEMENT

Mr. Chairman, this concludes my prepared remarks. I would be pleased to answer any questions.

Senator LAUTENBERG. Thank you very much, Mr. White.

[The statement follows:]

STATEMENT OF DANIEL WHITE

We are pleased to be here today to discuss the Federal Aviation Administration's (FAA) plans to modernize the air traffic control computer system by acquiring the Advanced Automation System (AAS). This Committee asked us to evaluate FAA actions in response to Committee direction to obtain more technical information and modify test plans before awarding the AAS contract. Our evaluation shows that FAA appears to have generally complied with this direction. The results of this evaluation are included in an attachment to my testimony.

As requested, I will also address the results of a benefit/cost study FAA performed in response to direction from the Conference Committee on FAA's Fiscal Year 1986 Appropriation. The Conference Committee asked FAA--before awarding the multi-billion dollar AAS contract--to demonstrate that 1) AAS is a prudent investment, and 2) the selected alternative is the most cost-beneficial way to achieve FAA's objectives. We agree that modernization of this nation's air traffic control system is important and should be a priority. However, it is not clear to us that FAA's benefit/cost study reasonably analyzed or properly compared plausible alternatives to its preferred approach. Thus, FAA may not have defined the most cost-beneficial investment.

My testimony is based on our review of the ongoing AAS program. Because the review is still in process, our observations are preliminary. Further, the benefit/cost study, prepared by MITRE Corporation under FAA direction, was just completed and the draft has not been approved by the Department of Transportation. This draft study was made available to us in late February 1988.

AAS is being acquired to increase controller productivity, reduce FAA's operating costs, save fuel and passenger time, and allow FAA controllers to handle anticipated air traffic increases more safely and efficiently. AAS will replace FAA's aging air traffic control computer systems with new hardware, software, and controller workstations. Improvements are expected to result primarily from the use of modern equipment and development of new software functions--called AERA--intended to automate some controller functions and allow more aircraft to fly user-preferred, fuel-efficient routes.

The draft study states that modernizing the air traffic control computer system is a good investment and our limited analysis has not disclosed anything that would cause us to disagree with this conclusion. However, FAA's analysis does not document that it has defined the most cost-beneficial system. FAA concluded that the most cost-beneficial approach was to close about 180 terminal control facilities--which control aircraft around airports--and provide their functions at 23 large centers that would control traffic both around airports and at higher altitudes. In contrast to the Conference Committee direction, we found no evidence that FAA fully analyzed or properly compared a range of alternatives for AAS program elements. For example, the study failed to properly compare alternatives that consolidate terminal control facilities with alternatives that do not consolidate these facilities.

Regarding the facility closures, FAA plans to close terminal control facilities beginning in 1995. Examples of consolidation include closing the terminals now at Albany, Binghamton, Buffalo, Elmira, Rochester, Rome, and Syracuse, New York and transferring their functions to Nashua, New Hampshire. Similarly, the terminal control facilities at Gulfport, Jackson, and Meridian, Mississippi will be closed and their functions moved to Memphis, Tennessee.

According to the draft study, the driving force behind FAA's consolidation plans is the economies of scale that can be achieved. These economies of scale would include reducing the number of personnel and backup equipment since there would be fewer facilities. The draft study also discusses several disadvantages, including (1) increased vulnerability to the loss of air traffic control services in the event of fire, earthquakes, or other catastrophies, (2) problems associated with personnel relocations, and (3) the need for additional controllers during transitions from the old to the new facilities. Another disadvantage, cited in a related study, is the likelihood of local opposition to the adverse economic impact often associated with closing major federal facilities.

FAA did not directly compare non-consolidated terminal control alternatives to consolidated terminal control alternatives with similar capabilities. Using data from the study, we were able to estimate the impact a non-consolidation alternative would have on terminal control area costs and benefits. The alternative we evaluated replaces terminal equipment with modern computers and new workstations. It does not include electronically displayed flight plan information--relying instead on the current practice of using paper flight strips. (FAA's study did not contain information that would allow us to estimate the costs and benefits of a system that includes electronically displayed flight information.)

The results showed that under this terminal control alternative, costs could be reduced by over $750 million while giving up benefits of approximately $200 million. This alternative also appears to alleviate the disadvantages of consolidation, but a complete analysis would need to address other operational considerations. Therefore, although we do not necessarily advocate this alternative, we believe this analysis illustrates that a proper comparison requires that terminal alternatives be independently evaluated.

Further, our preliminary analysis of the draft study disclosed that it used (1) an unsound methodology to estimate AAS benefits, and (2) a sampling plan to measure the inefficiency of the present system that may overstate the benefits. On the other hand, FAA's study is based on an Office of Management and Budget approved discount rate that differs from the one preferred by GAO. The rate used by FAA tends to substantially understate net benefits. Despite these concerns, we have no reason to believe that the AAS project is not a good investment. In addition, while FAA did not quantify safety improvements, it recognized that such improvements would come from modernizing the system. Further discussion regarding these concerns is contained in the attachment to my testimony.

I would also like to discuss briefly FAA's use of passenger time savings as the largest expected AAS benefit. The study reports that FAA's full-consolidation alternative has costs of $3.8 billion, benefits of $7.3 billion, and yields $3.5 billion in net benefits.[1] We estimate that $4.2 billion of the expected $7.3 billion in benefits is made up of time saved by passengers due to more efficient flights. For example, if a flight carrying 300 passengers saved five minutes due to AAS, the savings would be 1500 minutes or 25 hours. FAA valued a passenger hour as worth $25. Totalled over the millions of flights controlled by FAA during the lifetime of AAS, the savings are in the billions. Further analysis shows that 71 percent of the $4.2 billion in passenger time savings is in increments of less than 15 minutes. Both GAO and the Office of Management and Budget have questioned the value placed on small passenger time savings. We further question whether savings of a few minutes for many passengers should be the major factor in justifying a multi-billion dollar program.

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[1] The numerical results used here from the benefit/cost study are risk-adjusted numbers. This follows the Conference Committee's direction to FAA to assess technical risk associated with acquiring the AAS. Incorporating these risk assessments reduces the expected benefits and increases expected costs. The study points out that these expected results should be used by decisionmakers.

I would also like to point out that an independent cost estimate, which was also required by the Conference Committee, concluded that AAS costs could total $5 billion or about $1.6 billion higher than the program office's December 7, 1987, estimate of $3.4 billion. The Analytical Sciences Corporation prepared this estimate, and its report recommends that FAA adopt this higher estimate for planning and budgeting purposes because it reflects a more realistic assessment of the complexity and challenges of the AAS program. FAA, however, disagrees with the independent cost estimate and has decided not to adopt it.

We believe FAA needs to fully analyze other terminal control facility alternatives, including some that require little or no facility consolidation. The contract FAA plans to award in July 1988 will not provide the flexibility necessary to acquire the number and types of equipment needed to implement a non-consolidation alternative. We also believe it is important that FAA not lock itself into an approach that precludes non-consolidation. Therefore, FAA should (1) not award the contract until it has identified the number and types of equipment needed for a non-consolidation approach, and (2) amend the request for proposals to permit acquisition of this equipment in the event a non-consolidation alternative is selected. FAA officials told us they believe such an amendment could be initiated and negotiated without delaying the contract award and have begun looking into making the needed changes.

Finally, if FAA still chooses to consolidate facilities, we believe that, in light of the potential impact of facility closings on local economies, FAA should consult with key congressional committees and local officials before proceeding.

Mr. Chairman, this concludes my prepared remarks. Additional information is included in the attachment to my testimony. I will be pleased to answer any questions you or other members of the Committee may have concerning my testimony.

ATTACHMENT I

BACKGROUND

FAA's air traffic control mission is to promote the safe, orderly, and expeditious flow of both civilian and military aircraft. Air traffic controllers maintain the necessary separation between controlled aircraft utilizing information processed by computers and displayed on video screens at controllers' workstations. Displayed information includes aircraft identity, location, altitude, speed, and direction. Additional flight information such as the route, destination, and expected arrival time is provided on paper "flight strips."

FAA uses three types of facilities to control aircraft--tower, terminal, and enroute. About 400 Airport Air Traffic Control Towers provide visual control for aircraft on the ground and prior to take-off and landing. The 188 Terminal Radar Approach Control facilities sequence and separate aircraft arriving at or departing from airports under their control. Some of these facilities control traffic for more than one airport. Air Route Traffic Control Centers control aircraft which are enroute between airports. Twenty of these centers are in the continental United States.

AAS is intended to allow the air traffic system to safely and efficiently accommodate expected large increases in traffic. FAA believes AAS will provide benefits to FAA and users by increasing controller productivity, saving fuel and passenger time, and reducing operating costs. AAS is planned to replace outdated computer hardware, software, and controller workstations at enroute, terminal, and tower facilities. These improvements are expected to result primarily from the use of modern equipment and development of advanced software to automate some controller functions and allow more aircraft to fly user-preferred, fuel-efficient routes. These functions--called AERA--will use sophisticated software to predict the future position of aircraft in enroute airspace, check for potential conflicts, and provide controllers with alternatives to resolve predicted conflicts.

FAA concluded the most cost-beneficial approach was to close about 180 terminal control facilities and perform their functions at 23 large centers, which will be called Area Control Facilities. FAA plans to consolidate about 30 terminal facilities beginning in 1995, and the remaining facilities beginning in 1998. Examples of consolidation include closing the terminals now at Albany, Binghamton, Buffalo, Elmira, Rochester, Rome, and Syracuse, New York and transferring their functions to Nashua, New Hampshire. Similarly, the terminals at Gulfport, Jackson, and Meridian, Mississippi will be closed and their functions moved to Memphis, Tennessee.

Two contractors--International Business Machines Corporation and Hughes Aircraft Company--are competing to win a contract to develop, produce, and install AAS. FAA plans to award this contract in July 1988 and implement the system over a 12-year period. Total undiscounted program costs are expected to be $5 billion.

FAA'S CONSOLIDATION PLANS

In December 1985, the Conference Committee on FAA's Fiscal Year 1986 Appropriations directed FAA to provide Congress with an independent benefit/cost study before requesting acquisition phase funds. We evaluated the draft study the MITRE Corporation prepared under FAA direction. Our preliminary results indicate that, although AAS appears to be a sound investment, FAA may not have defined the most cost-beneficial system configuration.

To ensure that FAA defines the most cost-beneficial system, the Committee directed FAA to evaluate a full range of alternatives for each element of the AAS program. Instead, FAA evaluated and compared alternatives as total system investments. This approach provides information to determine whether a system is a good investment, but does not ensure the most cost-beneficial system is chosen. To illustrate, FAA expects to achieve significant economic benefits by consolidating terminal control facilities into large centers. However, FAA did not fully analyze or properly compare a range of alternative terminal control facility configurations, capabilities, and locations to verify this assumption.

Alternatives Considered

The draft study compares total costs, benefits, and other factors for alternative investments. The study points out that the alternatives were defined to be technically feasible solutions to modernize and upgrade the air traffic control system. The alternatives were developed by varying the functional capabilities provided, the degree of terminal control facility consolidation, and the development strategy. Although the report includes seven alternatives, only four were fully analyzed.

Two of these four alternatives involved consolidating terminal control facilities. FAA's currently-planned full-consolidation of about 180 terminal control facilities into 23 centers showed the highest return on investment. It was estimated to cost $3.8 billion, provide $7.3 billion in total benefits, and yield $3.5 billion in net benefits. The draft study also points out that consolidation adds large costs for such things as building expansions, communication links, and new radar. The other consolidation alternative was developed to alleviate some of the disadvantages of full consolidation, which are discussed later. This alternative would still consolidate most terminal control facilities at 22 centers, but would consolidate large terminal control facilities at 19 other locations. Thus, the terminal control facilities would be consolidated into 41 centers. This less concentrated consolidation alternative was estimated to cost $4.3 billion, provide $7.3 billion in total benefits, and yield $3.0 billion in net benefits. This alternative costs more primarily because additional building, power systems, and communication link costs are required to consolidate at additional locations.

The two other alternatives did not consolidate any terminal facilities. The first of the two alternatives simply replaced existing equipment with modern equipment without providing any enhanced capability. It was estimated to have a net benefit of $140 million. The second alternative replaced the equipment and provided some enhanced capabilities. It had an estimated net benefit of $760 million. These alternatives did not yield large benefits because they do not include AERA functions. Since the majority of AAS benefits come from AERA, the exclusion of AERA benefits caused these two alternatives to have substantially lower net benefits. Also, since AERA benefits accrue to aircraft at higher altitudes, they are not directly affected by whether or not terminals are consolidated. We are concerned that the study does not allow a proper comparison of the benefits and costs between consolidated and non-consolidated terminal control solutions. This is because the study only compared total benefits and total costs for each alternative. No alternative was considered that included AERA benefits without consolidation.

To estimate what impact non-consolidation would have on costs and benefits in the terminal area only, we looked specifically at the non-consolidation alternative that provides enhanced terminal capabilities. This alternative replaces terminal equipment with modern computers and new workstations. It does not include electronically displayed flight plan information--relying instead on the current practice of using paper flight strips. We found that using conservative assumptions, total costs could be reduced by over $750 million, while giving up benefits of approximately $200 million compared to FAA's preferred consolidation alternative. Although we are not advocating any specific alternative, we believe this analysis illustrates that a proper comparison requires that terminal control alternatives be evaluated separately from other program elements. Thus, we believe FAA needs to evaluate and properly compare this and other terminal control alternatives before deciding how to modernize terminal facilities.

Both FAA and contractor officials stated that the AAS architecture is sufficiently flexible to allow a range of terminal control system configurations without affecting the large AERA benefits. For example, FAA officials pointed out that tower systems are being deployed to 258 airport towers, and that these systems could be enhanced to provide the computer processing functions for many existing terminal control facilities. In fact, the Department of Defense is considering using an enhanced AAS airport tower configuration to modernize its terminal control facilities. Also, where an operational need for consolidating large terminal control facilities exists--such as the Los Angeles basin, Dallas/Fort Worth, and Chicago--the AAS design also includes systems to meet those requirements.

Disadvantages of Consolidation

According to the draft benefit/cost study, FAA's consolidation plans also involve disadvantages, including 1) vulnerability to catastrophic failures, 2) controller relocations and expected attrition, and 3) the need for two sets of controllers during transitions. The reported concerns are highlighted below.

Consolidation increases vulnerability to a catastrophic failure. If an Area Control Facility suffers a total failure, both enroute and terminal control services would be interrupted in the affected airspace. Since these services are now provided at separate locations, a single facility failure does not interrupt all air traffic services. To prevent a single failure from interrupting all services, FAA plans to have Area Control Facilities backup each other if a facility fails. The study, however, questions the operational suitability and effectiveness of these backup plans because staff at the backup facility would be unfamiliar with the airspace and may be unable to accommodate the sudden increase in controlled aircraft.

Consolidating terminals also requires many controllers to move, entailing large moving costs, possible attrition, and other hardships on the people and communities affected by relocation. The draft study estimates that FAA's plan to move controllers will cost about $52 million. Another MITRE study estimates that about 15 percent of controllers told to relocate could resign or retire early. Replacing them would require training new controllers for up to several years to become fully qualified. These training costs, however, were not included in the benefit/cost study.

Finally, consolidation requires additional controllers during transition to the new facility. Controllers are needed at both the old and new facilities for up to 3 months until the new system is fully operational. After this time the additional controllers would no longer be required. The draft study, however, did not include costs to hire or train these controllers.

In addition, a separate contractor study concluded that the impact of facility closures and likely opposition to closures may be a major factor in the ultimate decision about consolidation. This study points out that the average terminal control facility employs 35 people, and that larger facilities employ over 70 people. Closing these facilities could adversely affect the economy of the communities where they are now located. The study also notes that the community receiving the terminal functions would benefit. The study points out that communities faced with the loss of a terminal control facility would use whatever influence was available to them to oppose the closure.

FAA'S BENEFIT/COST STUDY

Our preliminary analysis of the draft study disclosed that (1) the survey of flights used to estimate AAS benefits was methodologically unsound, and (2) the sample of flights chosen to measure the inefficiency of the present system may overstate the benefits.

AAS benefits depend largely on the degree to which existing and anticipated inefficiencies in the air traffic control system are reduced. New technologies are expected to reduce inefficiencies that currently force pilots to fly less than optimal altitudes, speeds, and routes. A separate contractor collected information which was then used to measure current system inefficiencies to project the benefits that would flow from system improvements. We found many weaknesses in the data collection instrument, data collector training, and other factors, which raise questions about the validity of the information collected. For example, data were collected only during regular business hours even though the air traffic control system is a 24-hour operation. No determination was made to ensure that limiting collection time in this way did not bias the results.

The method used to analyze the survey data was also biased and thus overstates the current system's inefficiency and may overstate the benefits AAS can provide. This occurred because the data collected included all categories of short fuel-inefficient flights, but did not include data for several major categories of longer, more fuel-efficient flights. The contractor then projected the results from the sampled flights to all flights, thereby overstating the amount of inefficiency in the system. The amount of resulting error cannot be calculated from the data collected.

Although the benefit cost analysis uses a discount rate of 10 percent--recommended by the Office of Management and Budget for cost/benefit analyses--GAO prefers a rate that includes the cost for money based on the cost to the government in the year of the funding. Using the rate preferred by GAO would substantially increase benefits.

As the draft study points out, the largest benefit of the AAS is the amount of time saved by passengers due to the more efficient flights the system makes possible. For example, if a flight carrying 300 passengers saved five minutes due to the AAS, the saving would be 1500 minutes or 25 hours. Valued at $25 an hour, the saving would be $625 for the flight. Totalled over the millions of flights controlled by the AAS over its life, the savings are in the billions. Both GAO and the Office of Management and Budget have questioned the value placed on small passenger time savings. Basically, we question whether savings of a few minutes for many passengers should be the major factor in justifying a multi-billion dollar program. In fact, 71 percent of all passenger time savings is in increments of less than 15 minutes.

TECHNICAL INFORMATION AND TEST PLANS

Responding to Committee direction contained in a March 16, 1987, letter, FAA 1) directed the AAS contractors to perform risk reduction activities, including demonstrating that their chosen hardware and software technologies will meet AAS performance requirements, 2) added tests before authorizing full controller workstation production, and 3) reviewed the need to simulate AERA functions and decided not to simulate them before awarding the contract.

Risk reduction activities included demonstrating that such things as communications network components, software development procedures, the controller workstation, and methods to detect and recover from hardware or software failures will meet AAS requirements. To illustrate, FAA required the contractors to show that models of local communications network components could meet FAA's required response time under the maximum predicted work load. For software, the contractors were required to develop a high level design for the workstations using the Ada programming language. FAA checked each design to ensure that consistent definitions and procedures were applied. FAA will also verify that the contractors adhere to acceptable software procedures in developing other software units.

These risk mitigation activities generally corresponded to Committee direction, and FAA believes the results provide increased confidence that the designs can be implemented. FAA will also perform a qualitative assessment of these risk reduction tasks and will summarize the remaining technical and schedule risks associated with each contractor's design. This information will be considered when FAA selects the winning contractor. Further responding to Committee direction, FAA plans to continue risk reduction activities after contract award by requiring the contractor to submit a complete risk management plan. This plan will identify risks, develop risk reduction alternatives, and continue demonstrating that hardware and software will meet performance requirements.

FAA also modified its AAS test plans to include limited workstation tests with a partial configuration of AAS Terminal Advanced Automation System hardware and software before authorizing full workstation production. FAA recently amended the AAS request for proposals to include controls to ensure that full workstation production is not authorized until the contractor has successfully completed required tests. According to FAA, however, the final operational test requirements documentation is not yet complete. Therefore, we were unable to fully evaluate the adequacy of FAA's test plans.

The Committee was also concerned that the effectiveness of AERA software functions has not been shown. FAA reviewed the possibility of simulating the functions before contract award to demonstrate AERA's operational suitability and benefits. FAA concluded it is not necessary or desirable to delay the AAS contract award to validate AERA suitability and benefits. FAA believes the first set of AERA functions--called AERA 1--does not involve significant risks and is sufficiently mature to proceed without requiring simulations. FAA recognizes that the second set of functions--called AERA 2--involves both technical and operational risks. Therefore, FAA plans to simulate AERA 2 functions after contract award but before giving the requirements to the contractor. FAA also points out that AAS does not depend on AERA for basic air traffic control functions and that AAS is needed to replace an obsolete system.

NAS PLAN CONCERNS

Senator LAUTENBERG. The picture painted by GAO certainly is one that presents some fairly difficult decisions in the future, and that challenges the early design and the funding assumed necessary to meet the program, as you sketch it out.

Mr. Mead, your statement puts to rest the administration's characterization of the NAS plan as a $10 billion 10-year program. The cost increases that you say are based on their own analyses are truly staggering.

How can this committee assure that the scope of the funding for this fiscal year for this system makes sense? After all, we are making deposits on this thing as we go along.

And each increment has the capacity to move us further along, or frankly to get us deeper into the hole, based on the fact that we do not have an integrated process that we are comfortable with, or even know whether the targets are the ones for which we ought to be shooting.

So what assurance can we have that the funding approvals we are giving are appropriate to meeting the objective?

Mr. MEAD. This program, the NAS plan, has enormous momentum behind it, and that is reflected by the enormity of the funding decision before you this year and those that lie ahead of you.

GAO is not in a position to say that momentum is inappropriate. But what FAA needs to do is to sit back and take stock of where we are, now that we are 6 or 7 years into this NAS plan, to place some priorities on these projects and to face up to the resource issue in the field.

There are serious disconnects out there. If we are not going to be able to use the equipment when it arrives in the field, should we be purchasing it now? You need some priority setting by FAA and you need it soon.

A second area is to look at major procurements that seem to have cost-driving requirements, and that are the subject of great controversy. Take the microwave landing system as one example.

That is one procurement that Congress has been groping with for a number of years. The reason the program was advanced in the first instance was based on shortfalls in the technology of the instrument landing system.

Over the years the instrument landing system problems have largely been straightened out, and perhaps the scope of the need that was perceived in 1981 for the microwave landing system no longer exists.

But that program still is contemplated as moving forward with implementation dates in 1990. There are some targets of opportunity that this committee may wish to look at.

Senator LAUTENBERG. It is a complex issue in terms of making decisions about continued funding, not only of the MLS system but other parts of the system that are not able to be used, as in the warehousing question that you raised.

I want to, as much as possible, try to get us on a track that gives us a higher level of confidence. You essentially asked for a review. How do we get a review done that gives us the assurance that, if we do rewrite, what we have now, the investments that we have made thus far are appropriate and will fit into a new program? Or, do we run the risk of major discards?

Mr. MEAD. At the moment you are running the risk of major disconnects. What you need from FAA is an assessment of how many people they need to install the deliveries arriving this year, and the years beyond.

If those estimates are not going to be funded, either because FAA will not request the funding, or because of other competing funding priorities, one has to reflect on whether it makes sense to proceed with acquiring additional quantities.

Mr. LI. Mr. Chairman, one of the other things that can give you more assurance as far as whether or not the system is going to work is to insist that we have adequate operational testing of these systems before we make the commitment.

As Mr. White has talked about and as GAO has reported in the past few years, we have had several concerns about the fact that FAA has proceeded and gone ahead with selecting a single vendor when we did not think they were ready to go ahead and make that commitment.

And I think that one of those assurances that you are talking about is to be able to insist on this "fly before you buy" sort of process. And I think that would go a long way toward ensuring that the system will work.

Senator LAUTENBERG. Well, I am getting a message from you that I am not really sure is as clear as it ought to be.

Are we talking about potentially bringing things to a halt while we catch up? As it is, we are moving along with a plan that you challenge, in terms of its scope, funding needs, and its time requirement. But I have not heard too much about the adequacy of the system altogether. And it seems to me that if we are missing two of the legs of the triangle; namely, funding and time schedule. Certainly the third leg is the ultimate efficiency of the system. It raises the question of whether it takes care of the needs of the expanding aviation requirement that we have?

We are talking about a lot of money and a lot of time. I am looking for some kind of a handle, a suggestion from you which, obviously, we will discuss with FAA.

Mr. SHANTZ. Mr. Chairman, FAA has initiatives ongoing now, which if expanded in scope, might address what you are talking about.

There are efforts, for example, called value engineering. There are efforts under way to reassess the requirements in the present overall NAS plan design. Such as, well, how many long-range radars do we really need to buy? How many MLS's, how many what-nots?

Those efforts would not preclude any disconnects, as we are discussing them here, with respect to systems not integrating with one another. They would reduce the number of systems that might be required to achieve an objective.

In the case of radars, for example, in looking at the terminal Doppler weather radar, we believe the operational availability requirement may be too high. By reducing that requirement, you could save $80 million in the cost of the radar.

That kind of requirement is probably true of most of the radar programs. There is $3.5 billion in radars. If you could save 15 percent on the cost of your radars, and have systems that are as available as the latest being delivered to the field now, you could have real savings. That is a requirements issue.

VALUE OF INDIVIDUAL SYSTEMS

Senator LAUTENBERG. Are we looking at modules that have their own stand-alone value as well as ultimately being integrated into a total system?

Mr. SHANTZ. I am not sure I understand your question.

Senator LAUTENBERG. What I am saying is, the NAS plan is made up of several major parts. If we do not have the parts, if we have parts A and B, and C is missing, are A and B of value of and by themselves? Obviously, weather radar and other components of that nature are. But is the ultimate efficiency value of the system dependent upon our ability to integrate all of these components into one major operation?

Mr. SHANTZ. The short answer is yes. It is an integrated system design. All of the parts, the discrete elements, communications, surveillance, what have you, all fit together, are integrated together.

The issue of requirements is how many of those particular components, be it surveillance in the case of radars, communication systems, what have you, do you need, and what is driving that number?

If I say I want equipment to be available 99.8 percent of the time, it costs money. How does that differ from 99.5 percent of the time? Those requirements cost money, and that is what I am referring to.

Mr. LI. While I agree with Mr. Shantz, it is true that in many procurements FAA has conducted to date, the equipment procured can be used separately. The host computer is an example.

What we are talking about from the standpoint of total integration is that a lot of the benefits that would be accrued from a total systems approach most likely would not be attained if engineering changes are not incorporated.

So we are not here to say that what FAA is buying is going to be totally useless and going to just sit in a warehouse. FAA is going to be able to use these systems. What we are saying, and what the SEIC has identified, is that to make better use of these particular components, and to achieve the higher benefits, they need to make these changes.

Senator LAUTENBERG. We have, however, no insurance, because you are critical of the systems coordinator's authority. You say that in your remarks. We will not know until we are somewhat further along whether the parts will fit together, hand in glove, so that we achieve the ability to handle the anticipated expanded capacity of the system. And should we be looking at deliveries?

We have equipment sitting in warehouses that may or may not be found to be essential for the total system. Is it fair to say that some of these things will not really reach their potential in terms of their value until we integrate the whole thing?

Mr. LI. Senator, I am sure there are some systems that have more value than others. And one of the things that we are trying to convey this morning, when we are talking about all these large increases that are coming online, is that obviously not everything has the same level of priority.

And I think that, as far as the major systems are concerned, when we are talking about some of the radars, the host system, these are necessary things. And I think that the sooner FAA can prioritize and be able to identify what things are needed, the better off we will be.

I also think that the NAS plan design, being something that was established in 1981, established certain priorities. These are the things that we want to do, and these are the things that we have to do.

I think 5 years into the plan, we are a lot smarter. And I think that now is the time to take stock, as Mr. Mead was saying, to look back and say, OK, now that we have identified all these new things that have to be done, do we still want to do it in the same order?

Senator LAUTENBERG. What concerns me then is whether or not your estimate of $24 billion in the year 2000 is reliable, because if you do not have a plan in front of you, how do you know that that is where we are going to be? Are you extending what we are doing now?

Mr. MEAD. That is a legitimate concern. First of all, the $24 billion figure does not come from GAO. We did not go in and say, well, this is how much in GAO's judgment this system will cost. This comes from internal analyses within FAA from their systems engineering integration contractor.

The SEIC may well identify additional design interfaces that will have cost consequences over the years. The $24 billion figure may be an understatement. We would not be surprised.

Senator LAUTENBERG. FAA cannot tell us, you say, what their present and future staffing needs are because it does not have staffing standards for appropriate procedures to estimate its future needs. What do you think the problem is there?

Mr. MEAD. The reason why they do not have reliable staffing models in place is because staffing models were not an important value within FAA until perhaps a year and a half ago.

You will recall after the strike, it was about a year and a half ago, perhaps before your committee, announced that we really need 600 or 700 additional controllers. This issue of how to forecast staffing became critical about a year and a half ago. And that is why we are not up to speed yet.

If it had not been for congressional intervention last year and the year prior, we would be in a far worse situation than we are today.

Senator LAUTENBERG. I want to talk for a minute about some of the work force issues. FAA is budgeting an increase of 200 field maintenance technicians. Based on GAO's work in its recent report on field maintenance technician staffing, is FAA's request an adequate staffing target?

Mr. MEAD. We endorse the request for the additional staff. The numbers they seek are not an adequate level. They do not go far enough.

The reason why they do not go far enough is because the administration's budget request estimates, I believe, 3 percent to 4 percent retirements and attrition this coming year. The experience thus far this fiscal year has been substantially in excess of that.

Senator LAUTENBERG. What can we do about helping them get sufficient trainees to offset the future attrition that is expected there?

Ms. CHESTON. Currently, the staffing models that FAA uses for its maintenance work force have no values in them for a pipeline.

And one way of assisting would be to try to crank into their staffing levels some percentage of the potential future retirements that can be expected based on the number of people that are currently retirement eligible.

For controllers, on the other hand, there is a pipeline or trainee allowance that is made, but our work has shown that for the controller work force the pipeline allowances are too low and need to be increased because they do not actually capture what is really happening in the attrition.

ADVANCED AUTOMATION SYSTEM CONTRACT AWARD

Senator LAUTENBERG. Thank you. Mr. White, I will just ask you about the AAS program. What should this committee do about allowing FAA to award the AAS contract? Continue?

Mr. WHITE. Yes; we feel it is important that FAA move to modernize the system. I do not think there is any question that they need to do this. Although we have some concerns about the benefit/cost study, we do not advocate holding up the contract to redo the study, or whether it even should be fully redone after the contract award.

I think our primary concern is that FAA provide the flexibility within this contract, when it is awarded, to allow it to look at the full range of terminal control facility alternatives and to evaluate the tradeoffs among the alternatives. That is, make sure that the contract, when awarded, provides FAA the opportunity to have a nonconsolidated approach versus a consolidated approach.

If FAA could put that flexibility into the contract, we do not see any reason why they could not proceed with the award, at least from our standpoint. If the contract is awarded, FAA could proceed to modernize parts of the system while it defines the best terminal control solution. For example, controller work stations will be used by the en route controllers and by the terminal area controllers, and the consolidation issue is not really impacted by that.

Senator LAUTENBERG. We have a series of questions that we will submit to you in writing.

We are joined by our distinguished colleague from Wisconsin. Do you have any opening statement or questions?

STATEMENT OF HON. ROBERT W. KASTEN, JR., U.S. SENATOR FROM WISCONSIN

Senator KASTEN. I am pleased to have the FAA and the GAO before us today, and I look forward to their presentations.

And with respect to Administrator McArtor's presentation, I am sure we shall be exploring a wide range of issues. His Impact 88 Program is to be complimented for bringing into sharper focus the various problems and their interrelationship which must be addressed in order to assure the safety of our air transportation system.

PREPARED STATEMENT

In the interest of moving along and giving Mr. McArtor a chance to speak, I ask unanimous consent that the remainder of my statement appear in the record as if read, and that it appear at the appropriate place in the record before the testimony begins.

Senator LAUTENBERG. Without objection.

[The statement follows:]

STATEMENT OF SENATOR KASTEN

I am pleased to have the FAA and GAO before us today. I look forward to their presentations.

With respect to Administrator McArtor's presentation, I am sure we shall be exploring a wide range of issues. His "Impact 88" program is to be complimented for bringing into sharper focus the various problems, and their interrelationship, which must be addressed in order to assure the safety of our air transportation system.

Mr. McArtor has stated that the purpose of the program is to recapture the confidence of the public in flying and to step up the modernization of the system. Given the situation we have been in during the last several years, this is an initiative for which he is to be complimented. Several of the recent accidents have only reiterated the importance of the initiatives he has begun, including the review of aircrew performance, reviewing airspace capacity, expediting the introduction of state-of-the-art technology, and improving the system's security.

While near midair collision reports for the 4-month period ending last month were down 24 percent evidencing perhaps some results from the programs the FAA is instituting, it is still frightening to me to see that seven commuter crashes accounted for 56 deaths in 1987, after only two such crashes in 1986. Just as disturbing is the fact that airline accidents in 1987 occurred at the highest rate since 1974. These problems need bold steps on all fronts from the capacity of the system to the skills of the cockpit crews and the controllers in the towers I am pleased at the willingness shown by Mr. McArtor to attack on all fronts as well as his willingness, along with Secretary Burnley to consider such basic concepts as restructuring as well.

With regard to personnel management initiatives, I am pleased that Mr. McArtor has been able to woo someone with the talents of Herb McClure onto his team from GAO. Mr. McClure has appeared before us many times and is well-respected by the members of this committee, as well as the members of the Aviation Subcommittee of the Commerce Committee. I congratulate the Administrator on this choice as his Associate Administrator for Human Resource Management.

In looking to assure the safety and efficiency of the system, we have to be careful to consider the interests of all of the system's users. In this regard, Mode C implementation was requested by Congress. However, that NPRM issued in February was not a good example of FAA rulemaking. Even given the congressionally imposed time period, the published rule proposed, and the original comment period of only 45 days, is a poor example of the careful consideration of the interests of the general aviation community. It is a flawed attempt at implementing that program with any sense of balance between the concerns of the general and commercial aviation communities.

I thank the FAA for at least extending the comment period, and am heartened by the Administrator's statements that the rule will be significantly modified. I am very concerned about this. It may even affect the annual Experimental Aircraft Association Fly-in that is so important to Wisconsin and the industry.

Mr. Chairman, thank you, and I look forward to the testimony today.

MICROMANAGEMENT AND THE NEED TO SET PRIORITIES

Senator KASTEN. I just want to ask, yesterday, with the support of the chairman and me and the overwhelming bipartisan majority of the Budget Committee, we increased the FAA even over the administration's requests.

Now, I have only been here for a few minutes. But it seems to me that, number one, we have a lot of micromanaging going on right here at this table, and it is easier to criticize than it is to actually do it. But you are responding to questions.

The other thing, it seems to me, is that, we are in the situation where all of a sudden all of us as politicians have recognized this as an issue and a problem and we are dumping money on it all of a sudden without being sure how it is being spent.

I know there is a problem there, and all of us are familiar with the problems and we can go through the near-misses and all of the different kinds of problems. But are we about to all of a sudden dump more money on this than they can use?

Or are we still short of money and it is just a matter of them learning how to spend the money, but they better learn it quickly? Could you characterize this?

It just seems to me that we have had so many of these hearings, in this committee and in the Commerce Committee, of which I am also a member, and we have always been adding more money and we have always been looking more carefully at one little tiny niche. And there is normally someone that we can find to criticize.

But are we overdoing it at this point in terms of funding and in terms of kind of micromanaging?

Mr. MEAD. I would not say you are overdoing it on the money issue. What I would say is that you need some priority setting done by FAA as to how they are going to deliver and incorporate these systems in the field.

One of the points we made earlier was that, a lot of the systems—not so much the major systems but some of the minor, less stellar systems in the NAS plan—are now being delivered out in the field. And there are not enough people there to install them when they are delivered.

Senator KASTEN. Well, then they are either being delivered too early, or the people are not being trained fast enough.

Mr. MEAD. Yes; what FAA needs to do is to bring some people on board, either through its own staff or through a contract. They need to tell you, with a reasonable sense of confidence, when they will be able to install these different pieces of equipment.

We are not going to substitute our judgment for FAA's on that point. And we would hope that they would be able to respond to that question.

Senator KASTEN. All right. But in effect you are making at least part of my point.

It is easier to buy and deliver equipment than it is to get people at the other end to receive and use that equipment. I mean, it is easier to legislate it, it is easier to buy it, that action is a whole lot easier than it is to get people in place who are trained and able to use the equipment.

So what you are saying is, on our little pert chart, we have ourselves going faster on delivery and buying of and appropriating of dollars, et cetera, and whether we are not good at the people part of it, or we just, it takes time to do the people part of it, for one reason or another we are not doing as well at getting the people there to receive and use the equipment as we are at pushing this equipment through this pipeline.

Mr. MEAD. Yes, sir; last year in testifying before this subcommittee we pointed out that the FAA had understated the complexity of developing these systems.

Now, a related problem is that there appear to be some significant understatements in what will be required to actually get them installed and operated.

Senator KASTEN. Let me just, I do not want to take any more time.

But one particular person who has been doing this for 4 or 5 years, we are going to see a person who used to be at your table, Herb McLure, who is now going to be at the other table.

And I think the fact that he has been on both sides of this, I think that he can have a very positive influence along with the new administration at the FAA.

So I think that we can look toward progress, and I for one individual want to, if I can, try to facilitate that progress in a cooperative rather than a confrontational kind of way. I thank you. Thank you, Mr. Chairman.

Senator LAUTENBERG. Thank you. Senator D'Amato.

FIELD SUPERVISION

Senator D'AMATO. Thank you, Mr. Chairman. Has GAO had an opportunity to sit down with the FAA, Mr. McArtor in particular, and review some of the recommendations that you have made?

Because you have made some recommendations that are quite specific. For example, has the FAA stopped its practice of supervising some of Martin Marietta's employees? Have you had that opportunity?

Mr. MEAD. Over the past several weeks, we have had a couple of meetings with FAA top management, and we have specifically discussed the concerns about the cost increases and some of the problems in the regions.

We have called to FAA's attention the problem with the supervision in the field. That, incidentally, only involves 50 out of about 1,000 employees, since it is a relatively small number. And we expect to continue that, Senator D'Amato.

Senator D'AMATO. Mr. Chairman, I would note that there are major problems that are pointed out, if one looks at the recommendations of the General Accounting Office.

Facility design work must begin 2 years before equipment delivery. And the FAA and Martin Marietta must resolve their disputes over whose job it is to do this design work.

NAS PLAN ADDITIONAL COSTS

Three, engineering changes will add about $1 billion to the NAS plan. Another $1 billion is needed for risk allocation. These costs will increase the basic NAS plan to $17.8 billion, not $15.8 billion.

Four, additional costs, another $6.5 billion. We just throw these numbers out, $6.5 billion. Projects not originally included in the NAS plan. FAA should combine the old NAS plan with new requirements.

Have you spoken to the FAA in relation to these major recommendations?

Mr. MEAD. Yes, we have. I am sure Administrator McArtor will be addressing the NAS plan. The basic problem there, Senator, is that back in 1981 I think people got the impression that we were talking about a finite undertaking that was going to run for about 10 years, maybe 15 years, and it was going to cost a finite amount of money.

As experience has been acquired with this plan, it has become quite apparent that is not so. Administrator McArtor will refer to this, I think, as the journey of sorts.

And what we are saying is that what the Congress needs is an overall picture of the modernization effort. We are also saying that having a NAS plan over here which contains part of the modernization effort and something over here that contains another part of the modernization effort does not convey as complete a picture as you perhaps need.

EQUIPMENT INSTALLATION

Senator D'AMATO. I found rather a vivid example of the kind of problem to which you allude when we consider some equipment being warehoused for a period of time, 16 months I think, because of the lack of personnel to install it.

Do you believe that FAA personnel should be added and trained? Or should FAA use outside contractors to install that equipment?

Mr. MEAD. I take Senator Kasten's admonishment quite seriously. And I would defer to FAA on whether they think this should be done in-house or contracted out.

I would simply add, point out this perspective. We need to judge very carefully how long the installation work is going to be required. If it is going to be required for a period of 5 or 6 years, perhaps it makes more sense to contract it out.

If we are speaking here of work that is going to go on for 15 to 20 years, perhaps it makes more sense to bring it in-house. Other than that, I would defer to the Administrator.

Senator D'AMATO. Thank you, Mr. Chairman.

Senator LAUTENBERG. Thank you very much, Senator D'Amato. One of the things that I would like to recall for the record is the magnitude of the NAS plan program, the largest project since Apollo, I think, is the way it is described. It is a complicated issue, and as you move along in this complex a program, you do find areas that you have to review. I do not care whether it is handled by government or by the private sector or by the university sector, unfortunately, when you have programs of major magnitude, forecasts of date and investment are very seldom met.

I would have to also just remind the audience here that we were assured by FAA's forecasters in February a year ago that, in terms of number of controllers, their requests for the budget year 1988 would more than adequately meet their needs. And the Senate and the House kept pushing, because the numbers did not appear to justify the confidence that was being exhibited by FAA. Then, one bright morning in May, 3 months later, after a hearing about 10 days earlier in this committee, suddenly there was a request from the Department of Transportation for 900 more controllers.

Their forecasting system was not very good, because to hang on so tenaciously for 3 months and then suddenly change indicates a weakness someplace. And I attribute it to the forecasting system.

The fact of the matter is that even now, as I hear the testimony from this panel, there is a substantial doubt, and if you look at the record, you see that the targets for this year for full performance level controllers are going to be darned near impossible to meet. As a matter of fact, I understand that FAA is going to ask for a waiver of a requirement that the committee submit in terms of the numbers of controllers that we have on board.

Unless there is anything else, we thank GAO for doing what it does, which is to review, to criticize, to bring to our attention, not to design, not to predict, but rather, if you might, kind of second guess. And then it is up to this committee to try to determine what the real problems are. And we thank you very much for a diligent effort.

Mr. MEAD. Thank you, Mr. Chairman.

SUBMITTED QUESTIONS

[The following questions were not asked at the hearing but were submitted for response for the record:]

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

NAS PLAN IMPLEMENTATION

Senator Lautenberg. In terms of the budget request before us, we need to know with more certainty that the request reflects the realities of implementing the NAS Plan. Is GAO confident that the number of subsystems and their schedules are properly sequenced and that contingencies are properly factored in so that systems will be assembled in the field in the right order?

Answer. Since equipment has only recently begun to be delivered to the field in any significant numbers, we are not in a position to state whether FAA has adequately sequenced the number of subsystems and their associated schedules to ensure orderly field assembly. However, our work to date has identified instances where the sequencing developed by FAA headquarters did not properly consider field conditions. These cases also demonstrated that contingencies were not properly factored in. Therefore, to the extent that these cases may be representative of future and more widespread conditions, there is cause for concern. Specifically:

-- There have been cases where equipment has been installed at the en route centers before completion of facility designs showing where equipment was to be located. While the equipment can be operated, non-conformance with the standard FAA center design will create future problems when additional center equipment is delivered to occupy the same floor space.

-- Radio communications equipment has been installed on towers which are too short to allow the equipment to operate as designed. This occurred because FAA was not ready to install equipment on higher towers or at alternative sites. Contractually obligated to accept the equipment within a prescribed timeframe, FAA allowed installation to be completed using existing towers which are too short. Removal and re-installation will be required once taller towers are constructed.

-- Airport surface detection radars, which are designed to help control aircraft and vehicles in low visibility conditions, have been found to be too heavy for installation on top of some existing airport control towers. Consequently, their installation has been delayed pending reinforcement of these towers or construction of special purpose structures.

-- Power generators were procured for airport surveillance radars that were too small to operate the radar and the Mode S system attached

> to it. As a result, another generator procurement had to be conducted, adding delays to the original schedule.

Senator Lautenberg. You note that last year GAO testified that the NAS plan delays were due mostly to FAA's underestimates of the technical complexity involved. Is that still the major problem insofar as delays are concerned?

Answer. Yes, but in a somewhat different sense. Last year we were reporting on project development delays. In looking back at the several years of procurement and development history of each of the major systems, we found that the requirements that had been approved for funding were either insufficient by themselves, or unachievable without additional time. We did not find any cases where work was delayed because there was not enough money. The delays we are speaking of this year are related to implementation problems. Assuming the systems are delivered according to FAA's schedule, we inquired whether FAA had identified what needed to be done and whether it had the resources available to install them as scheduled. We found that the agency has no overall management system for assuring that scheduled implementation dates and the time and staff needed to perform necessary tasks are compatible with available resources. FAA's recent experience shows that the things that needed to be done have exceeded the available time and staff allowed to do them, resulting in further delays. Therefore, although the agency is still underestimating the complexity of what needs to be done, implementation delays are now occurring as a result of inadequate staff resources in the FAA regions.

Senator Lautenberg. Do you have any evidence that any NAS delays are related to insufficient appropriations, per se?

Answer. No. However, our work underlines the necessity of providing adequate funding for FAA's installation work force if future delays are to be minimized. Moreover, FAA has not requested additional funds for its installation workforce. Finally, while FAA points to its upcoming Technical Support Services Contract as the solution to its shortfall in installation resources, we noted in our testimony that TSSC manpower estimates in the TSSC request for proposals are lower than agency-developed requirements.

Senator Lautenberg. Your statement talks about scheduling and coordination problems in installing new NAS equipment or systems in the field. Let us go through this a little bit. How extensive might this problem be and why is it happening?

Answer. Because deliveries have only recently begun in significant quantities, we cannot state how extensive this problem is. However, because major system installations--such as Mode S, the Advanced Automation System and radars--loom on the horizon, the difficulties experienced by FAA in installing comparatively less complicated systems is cause for future concern. We found cases where the lack of agreement between headquarters and regional equipment delivery milestone scheduling systems was widespread, even for relatively near term equipment deliveries. The coordination required to negotiate mutually acceptable equipment delivery dates is also a problem. Even within the regional reporting system, project slips may be significant. For example, we found an analysis for one region's schedule delays for the month of August 1987 which showed delays in more than 20 percent of the scheduled implementation tasks.

In both cases, this is due to inadequate regional resources to define and do what needs to be done to meet the headquarters implementation dates. Regional staff perceived these dates as unrealistic and did not attempt to reconcile them with regional resources until projects were entered into the regional reporting system. We will be performing additional work to ascertain the extensiveness of field implementation problems.

Senator Lautenberg. What are some examples of equipment not being installed?

Answer. There are low level wind shear alert systems that were supposed to be completed 2 years ago that are still not installed in some locations. There are integrated communications switching systems which are presently stored at the manufacturer, some for as long as 3 years. We also identified over 100 non-directional beacons stored at airports throughout the country.

SYSTEMS ENGINEERING AND INTEGRATION CONTRACTOR

Senator Lautenberg. You defined the use of some Martin Marietta employees to augment FAA regional staffing shortages as "improper." What do you mean by that?

Answer. The basic criteria by which to determine whether an individual is a Federal employee are set forth in Title 5, United States Code, Section 2105(a) dealing with Federal personnel law. In our opinion, Martin Marietta's level of effort employees meet the three criteria of the statute's definition of a Federal employee. Specifically, the level of effort employees are in an employer-employee relationship with their FAA supervisors which we have consistently held to be an improper one for Federal contract employees. However, section 2105(a) is definitional rather than prohibitory in nature. A relationship involving personal services, performed by private contractor employees under day-to-day supervision of Federal officials, does not necessarily constitute a violation of the statute. However, it is an improper one.

Senator Lautenberg. We asked GAO to determine if the costs billed to FAA by the systems engineering and integration contractor were correct and properly justified. Although your work is still in progress, what can you tell us about contract charges?

Answer. The systems engineering and integration contractor is reimbursed under a cost plus award fee contract. In addition, FAA is considering extending the contract this year. We believe it is important that, prior to contract extension, FAA have a high confidence level in its ability to ensure that costs billed are correct and justified. One way by which such confidence can be established is through the auditing of incurred costs. However, we found that such auditing of incurred costs has not occurred. The contracting officer has stated that only about $17 million in costs have been audited although over $337 million had been charged to the contract by the end of March 1988. Defense Contract Audit Agency (DCAA) monitors the contract for the Department's Office of Controller General (OIG). DCAA audits of contract costs have been suspended indefinitely because of the lack of funds to reimburse the agency for performing these audits. We believe these audits are important because they help to identify instances where the Government is overcharged. For example, an OIG audit disclosed that the contractor had overcharged FAA about $1.3 million to relocate some of its employees. The overcharges involved the use of a contractor policy that conflicted with Federal procurement regulations. The contractor has repaid only $400,000 thus far.

WORK FORCE CONCERNS

Senator Lautenberg. You indicate that FAA cannot tell us with confidence what its present and future staffing needs are because it doesn't have adequate staffing standards or procedures for estimating its future needs. What do you think the problem is?

Answer. Until recently staffing projections have not been an agency priority. Both the administration's efforts to reduce the federal work force and expected benefits of modernization have influenced the ways in which FAA has estimated its staffing needs. Funding for the development of staffing models has also been limited.

Senator Lautenberg. Why doesn't FAA have adequate standards?

Answer. FAA's controller staffing standards underestimate staffing requirements because, in part, they do not provide adequate staffing for peak traffic periods. FAA's maintenance staffing standard must interface with reliable equipment inventory data and FAA has planned changes to improve this inventory data. Both standards do not accurately reflect the number of trainees FAA needs to offset future retirements and meet increased future work loads. As we stated in our testimony, FAA needs to have sufficient personnel trained to replace fully qualified employees when they leave.

Senator Lautenberg. What is the relationship between this problem and NAS Plan implementation?

Answer. There are two linkages between staffing estimates and NAS Plan implementation. First, FAA has not used its staffing standards to project staffing requirements in the NAS Plan but rather has used linear projections of staffing requirements which were reduced by assuming productivity savings. The staffing levels published in the NAS Plan understate FAA's needs at least through 1995. Although we found that FAA's standards underestimate controller staffing needs, they are higher than staffing levels published in the Plan. Also, maintenance staffing projections tracked within FAA are higher than those in the Plan. Second, because of expected contracting-out activity, FAA has not reasonably estimated its installation staffing requirements. Since 1985 FAA has planned for a private contractor to provide temporary installation services and FAA has not increased its own installation staffing to meet new work load. One effect of underestimating this installation staffing requirement is that new NAS Plan systems cannot be installed in a timely manner and in many cases are being stored in the field awaiting installation.

QUESTIONS SUBMITTED BY SENATOR WEICKER

NAS PLAN SCHEDULE

Senator Weicker. What do you believe is the biggest obstacle that is keeping the NAS Plan systems from staying on schedule?

Answer. In prior testimony, we identified several factors that contributed to delays during system development. We found that FAA encountered these delays because it underestimated the complexity of developing software, overestimated vendor capabilities to develop systems, and inadequately considered the interdependencies between systems. While systems development challenges will likely continue--the $5 billion Advanced Automation System being a prime example--delays are likely to also occur during the implementation phase as more equipment is delivered to the field. As we stated in our prepared statement, FAA has encountered problems during this phase primarily because of insufficient staff to complete facility designs and install equipment in the field.

The common link behind schedule delays appears to relate to FAA's initial NAS Plan design. Because the 1981 NAS Plan was more of a concept than an established design, the resulting schedule lacked the proper foundation from which realistic milestones could be developed. FAA has acknowledged that its initial schedule was overly optimistic. Interfaces and engineering changes are still being identified by FAA's Systems Engineering and Integration Contractor to correct initial design flaws. Not having a solid design at the onset has resulted in improper establishment of resources--time to develop and install, cost to correct design deficiencies and personnel to install delivered equipment. This is the reason why we believe that now is the time for FAA to take an objective look at what must be done and what resources it has available to complete these activities. This in turn should enable FAA to prioritize its activities so that a more realistic schedule can be developed.

FY '89 WORK FORCE BUDGET

Senator Weicker. Do you believe that the FAA's FY '89 budget request for its controller and maintenance work forces is adequate to meet the present needs of the system?

Answer. Our staffing work has shown that FAA needs to request staffing not only for present needs but to meet future requirements because of the long training times for controller and maintenance personnel. FAA's FY 1989 maintenance staffing request is lower than its estimated maintenance work load and does not contain any allowance for trainees. FAA's FY 1989 controller request also understates the number of trainees needed. However, we believe that air traffic field facilities may be facing capacity problems in productively training larger numbers of controllers. We are currently examining field training for controllers and would be in a better position to address these problems in the Fall.

DEPARTMENT OF TRANSPORTATION

FEDERAL AVIATION ADMINISTRATION

STATEMENT OF HON. T. ALLAN McARTOR, ADMINISTRATOR

ACCOMPANIED BY:

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NICHOLAS S. STOER, DIRECTOR OF BUDGET

OPENING REMARKS

Senator LAUTENBERG. We now call the Administrator and his colleagues to the table. We look forward to his testimony.

We welcome the Administrator of FAA and his squadron. We are pleased to see that your wingmen look alert and ready to help in the operation.

I do want to say in welcoming Mr. McArtor that it is my regret that his term of office is going to be relatively short-lived, because that is the way things are. It is one of the weaknesses, in my view, of the system.

Long-term decisions are being made by often short-term administrators, short-term management. And that is not the way to operate a railroad, it is not the way to operate, in my view, something as complicated, demanding, and important as FAA.

But so be it. That is what we have got. And therefore, Mr. McArtor, it is fair to say that you understand very well the criticism, second guessing, and review are a reflection of a system that all of us have pledged to make succeed. And we recognize that your role in this is to move toward that success as directly and as rapidly as you can. We thank you.

What we have seen in your relatively short service to date is someone truly dedicated to this job, understanding the needs of the aviation system, and how important it is to our country to have it up to the capacity levels that we hope will be there one day.

So we invite you to give your testimony. You have got broad shoulders and I am sure can deal aptly with the questions and with the suggestions and recommendations of GAO. That is their job, and you have the other one.

So we invite you to give your testimony. If you can do it within 7 to 10 minutes, we would like that in summary form, so we can ask questions of you.

STATEMENT OF ALLAN MCARTOR

Mr. McArtor. Thank you, Mr. Chairman. It is my pleasure to be before the subcommittee today, and your distinguished colleagues.

With your permission, since I have submitted a written statement, I would like to have that for the record, but then share with you first a couple of thoughts before we discuss some specifics of the 1989 budget request.

I would like to make some comments on FAA restructuring, since that is a subject on most people's minds. And let me first say that I support Secretary Burnley's call to free air traffic control and related FAA operations from the federal government process.

The Secretary and I are seriously evaluating whether the FAA as an institution is effectively organized to meet the challenges of growing air commerce and rapid industry change.

FAA REFORM

It is also a subject that we in FAA have been working hard on since early last fall, both under my Impact 88 Program, and now with the Secretary through a joint task force on FAA reform.

Every day I am faced with managerial and operational decisions, the outcome of which affects the lives of the traveling public. So any plan to change, separate, or restructure the FAA must take into account the implementation requirements of running an intensely operational agency.

The Secretary's five criteria go to the heart of the problem FAA faces every day. One, an inability to quickly procure needed technologies. Two, to make more timely staffing decisions to meet changing air traffic control workload demand.

Three, to have the ability to fully fund and maintain continuity of funding in vital air traffic program areas. To assure consistency of enforcement and compliance at all levels of management, in headquarters and the regions, and of course an adequate oversight and maximum accountability to ensure public safety.

In other words, simply identifying the problems or proposing solutions is not sufficient. My statutory responsibility to ensure the safety and security of civil aviation requires any plan of change to be cognizant of its consequences on FAA's mission.

And I believe these five criteria comprehensively cover the concerns FAA has about reform. But if a consensus exists, it is that the status quo is not satisfactory, nor is responsive to the efficient accomplishment of our mission as we could be.

The Secretary recently announced his position that FAA operations could best be served outside the bounds of traditional government procurement, personnel, and funding mechanisms, and that policy and regulatory enforcement remain best served by a governmental forum.

I fully support Secretary Burnley's initiative in this regard. I will do what I can to apply the five criteria for measurement established by the Secretary against this proposed FAA structure.

Obviously, a lot of tough operational questions need to be asked. We need to investigate the second, third, and fourth levels of detail. No one knows the FAA's mission more than the FAA. And no one can give a more positive input into this analysis than the professionals of the FAA.

This agency, which I have the privilege to lead, is committed to aviation safety, efficiency, security, the promotion of aviation technologies, and the modernization of our National Airspace System plan. Conversely, the agency is not committed to organizational charts or bureaucratic processes.

I can speak for the agency as well as myself. We will do whatever is right to ensure the accomplishment of the FAA's mission. There is a better way, I am convinced, and we will find it. The Secretary has given us a direction, and we will see it through to its logical conclusion.

IMPACT 88

In the interim, Mr. Chairman, let me assure you that we have not been passive or simply waiting for change to occur. My entire Impact 88 Program is designed to recapture public confidence in flying while accelerating the modernization of our aviation infrastructure.

And while specific achievements under Impact 88 were outlined during my appearance before the Senate 2 weeks ago, let me highlight some major recent steps we have taken to maintain safety while improving the effectiveness of FAA.

Rapid industry growth and rising demand have placed pressures on the margins of safe flight. While the system itself remains safe, I wanted to ensure that FAA had policies and procedures to meet the demands of a deregulated marketplace.

Examples of this are our Operation Snapshot, where we are now taking a look at the manufacturing and part suppliers of this country. Our cockpit resource management program, where we have just approved curriculum for our nation's air carriers.

Our investigation of the commuter airlines, which let us do a more intense investigation and surveillance program than we had even before. The minimum equipment list policy that went into effect a week ago. And the crew pairing advice that we gave to the carriers after the accident in Denver.

NAS PLAN

Our initiatives have also focused on FAA effectiveness and our ability to meet today's challenges. For example, as you pointed out, the NAS plan is the nation's largest civil technology project since Apollo.

But I have to also say that unlike Apollo it may be more difficult to understand. Apollo had the advantage of saying to the public and to the Congress, we are going to send a man to the Moon, land him on the Moon, and bring him back safely. I suggest that describing the NAS plan is not quite so simple.

The NAS plan, as was pointed out by the GAO, is a journey, not a destination. And we should not think that sometime in 1995 or so, when all the current projects are complete, that somehow we will suddenly become modern and we can sit back and rest.

The Congress and the administration are going to have to adjust our mindsets to the fact that the fiscal years 1989 and 1990 budgets, especially for a technology and personnel-dependent agency like the FAA, lay the foundation for a whole new decade of dramatic change for us.

Mr. Chairman, our F&E budgets for the next several years will require funding levels well above the average of the first 5 years of the NAS plan, to sustain the programs already under way, to provide for interim expansion of existing facilities, to launch development of the advanced automation system, and to cover the transition costs involved.

That is why I am proposing an entirely new organization in FAA to provide higher levels of confidence to the American people, Congress, and the industry that our multibillion-dollar NAS plan remains a journey worth taking.

This new program will create a sister organization to our group right now that is responsible for NAS plan program management, to keep asking that tough question, knowing what we know now, are we on the right track.

CONTROLLER TRAINING

In controller training, we have undertaken a project that will streamline our air traffic controller hiring, eliminating the lengthy processes that historically have complicated our delivery of qualified air traffic controllers.

In cooperation with OPM, we have the authority to conduct and score the air traffic control entrance examination at FAA regional offices. The current preemployment processing time of 6 to 18 months will be reduced to as short as 45 days.

This will allow us to offer employment to individuals while their interest in the FAA is still high, and before they have opted for other careers.

Last fall, to improve the effectiveness of training for air traffic controllers, we launched several comprehensive studies of air traffic training.

These studies will produce short-range and long-range plans for modernizing the air traffic controller training, with an emphasis on the use of advanced training technology to efficiently produce well-qualified full-performance level controllers.

Preliminary results of these studies are very exciting, and will revolutionize the way FAA trains its controllers. Final reports will be available later this spring. We have several initiatives in the fiscal year 1989 budget to introduce advanced training methods.

MODE C INTRUDER PROGRAM

On mode C, it is our desire to meet congressional intent to lessen the potential conflict between our air carriers and the small aircraft population in this country.

So we have issued an NPRM in response to congressional direction, and look forward to creating later this spring a permanent rule that will be responsive to the Congress, as well as our aviation community. Certainly some reassessment of this rule can be expected.

Mode C Intruder Program is a program——

Senator LAUTENBERG. Can you summarize the remainder of your statement?

Mr. MCARTOR. I will be glad to. I was only going to mention another example of getting on with modernization without waiting for things down in the future, which would be the Mode C Intruder Program, which is an effort to take advantage of expanding the computer capability that we now have rather than waiting for the advanced automation system to get a program under way of enormous impact to our aviation community.

PREPARED STATEMENT

The rest of the statement is in the record, that has to do with the budget. And I will be more than happy to answer questions of the committee at this time.

Senator LAUTENBERG. Thank you very much. We again do have your full statement, and it will be in the record. And if we do not have the opportunity to get to all the questions that we would like to have, they will be submitted for the record.

[The statement follows:]

STATEMENT OF T. ALLAN MCARTOR

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, I WELCOME THIS OPPORTUNITY TO DISCUSS OUR BUDGET REQUEST FOR FISCAL YEAR 1989. THIS REQUEST PROVIDES FOR THE CONTINUED SAFE OPERATION OF THE NATIONAL AIRSPACE SYSTEM (NAS), EMPHASIS ON SAFETY AND SECURITY REGULATORY FUNCTIONS AND AIRPORT DEVELOPMENT, AND A STRONG COMMITMENT TO MODERNIZE AND IMPROVE AIR TRAFFIC CONTROL AND AIR NAVIGATION FACILITIES AND EQUIPMENT.

FOR FISCAL YEAR 1989, WE REQUEST TOTAL BUDGET AUTHORITY OF $6.9 BILLION, WHICH IS APPROXIMATELY A 13 PERCENT INCREASE ABOVE THE FY 1988 ENACTED LEVEL. APPROXIMATELY 70 PERCENT OF FAA'S FISCAL YEAR 1989 BUDGET IS PROPOSED TO BE FINANCED BY THE USERS OF AVIATION SERVICES THROUGH THE AIRPORT AND AIRWAY TRUST FUND.

MR. CHAIRMAN, TO PUT OUR FISCAL YEAR 1989 BUDGET INTO PERSPECTIVE, I WILL BRIEFLY SUMMARIZE OUR FY 1988 OPERATIONS APPROPRIATION FUNDING SITUATION. I WILL ALSO HIGHLIGHT SOME OF THE SIGNIFICANT ACCOMPLISHMENTS THAT HAVE BEEN ACHIEVED THIS PAST YEAR.

OPERATIONS CUTBACKS

ON DECEMBER 22, 1987, THREE MONTHS AFTER THE BEGINNING OF THE FISCAL YEAR, THE FY 1988 OPERATIONS APPROPRIATION WAS AT AN ENACTED $3.15 BILLION LEVEL, ALMOST $127 MILLION BELOW OUR AMENDED REQUEST. ABOUT $75 MILLION OF THAT CUT WAS ATTRIBUTABLE TO LOWER THAN ESTIMATED COSTS FOR THE NEW FEDERAL EMPLOYEE RETIREMENT SYSTEM. IN ADDITION TO THESE CUTS, AND BECAUSE OF GUIDELINES BARRING SUPPLEMENTAL APPROPRIATIONS, THE FAA ALSO HAS TO ABSORB OVER $70 MILLION OF NEW UNFUNDED COSTS, INCLUDING $32.7 MILLION FOR THE 2 PERCENT PAY RAISE, $11.5 MILLION FOR INCREASED HEALTH INSURANCE PREMIUMS, 9.7 MILLION DUE TO A HIGHER WORK FORCE AT THE START OF FY 1988, AND $15 MILLION IN OTHER UNBUDGETED COSTS (PERFORMANCE PAY, DRUG TESTING, CHRISTMAS EVE HOLIDAY PAY).

BECAUSE OF THESE CUTS AND ABSORPTIONS, FAA IS WORKING VERY HARD TO MEET ITS CONTROLLER WORK FORCE (CWF), FIELD MAINTENANCE AND INSPECTOR GOALS. THE AGENCY IS CUTTING BACK IN MANY OTHER AREAS. FOR EXAMPLE, THE INVENTORY OF SPARE PARTS FOR AIR TRAFFIC CONTROL EQUIPMENT MAY HAVE TO OPERATE AT MINIMUM LEVELS. AN AGENCYWIDE HIRING FREEZE (EXCEPT CONTROLLERS) FROM NOVEMBER TO JANUARY HAS REDUCED OUR OVERALL EMPLOYMENT BELOW SEPTEMBER 30, 1987, LEVELS. CONTRACT SUPPORT IS BEING HELD TO FY 1987 LEVELS. EMPLOYEE RELOCATION WILL BE BELOW LAST YEAR'S LEVELS. WE EXPECT TO HIRE SEVERAL HUNDRED ALREADY TRAINED MILITARY CONTROLLERS LEAVING THE SERVICE THIS SUMMER DUE TO DEFENSE CUTBACKS. THIS WILL REDUCE OUR TRAINING COSTS. WE HAVE TAKEN OTHER STEPS WITHIN THE AGENCY TO ECONOMIZE WHERE POSSIBLE, WHILE ENSURING THAT NO CRITICAL ASPECT OF THE AIR TRAFFIC CONTROL SYSTEM GOES UNFUNDED.

FACILITIES AND EQUIPMENT CUTBACKS

WE APPRECIATE THE EFFORTS OF THE MEMBERS OF THIS COMMITTEE AS WELL AS YOUR COLLEAGUES TO PROVIDE FUNDING FOR THE NATIONAL AIRSPACE SYSTEM (NAS) PLAN. HOWEVER, THE FISCAL RESTRAINTS EXERCISED OVER THE PAST FEW YEARS, AND SPECIFICALLY THE 18 PERCENT REDUCTION OF $242 MILLION IN FISCAL YEAR 1988, ARE PUTTING HEAVY PRESSURE ON

THE FY 1989 AND FUTURE BUDGETS. THOSE BUDGETS WILL NOT ONLY HAVE TO COVER WORK ONCE PLANNED FOR 1989 AND BEYOND, BUT THEY WILL ALSO HAVE TO COVER $1.2 BILLION OF WORK THAT WAS TO HAVE BEEN FUNDED IN FY 1983 - FY 1988. A NUMBER OF PROGRAMS SCHEDULED FOR FY 1988 HAVE SLIPPED INTO FY 1989, WHILE SOME WORK SCHEDULED FOR FY 1989 WILL BE DEFERRED UNTIL FY 1990 OR BEYOND. THE FACILITIES AND EQUIPMENT FUNDING LEVELS IN OR NEW REAUTHORIZATION ACT WERE PREDICATED ON THE NAS PLAN'S SCOPE AND SCHEDULES. CONTINUED FUNDING SHORTFALLS WILL TRANSLATE INTO SERIOUS SCHEDULE DELAYS, COST GROWTH, AND BENEFITS EROSION.

IMPACT 88

LAST SEPTEMBER I ANNOUNCED THE FAA'S IMPACT '88 PROGRAM WHICH IS DESIGNED TO RECAPTURE PUBLIC CONFIDENCE IN FLYING WHILE ACCELERATING THE MODERNIZATION OF OUR AVIATION SYSTEM TO SAFELY KEEP PACE WITH DRAMATIC GROWTH IN AIR COMMERCE. IMPACT 88 SUPPORTS AND TIES TOGETHER MANY OF THE ITEMS IN OUR OPERATIONS AND FACILITIES AND EQUIPMENT BUDGET REQUESTS.

IMPACT '88 HIGHLIGHTED EIGHT MAJOR AREAS WHERE FAA COULD EITHER ACCELERATE EXISTING INITIATIVES, DEVELOP NEW ONES, OR CHANGE DIRECTIONS TO BECOME MORE RESPONSIVE TO THE SAFETY DEMANDS OF A DEREGULATED AVIATION MARKETPLACE.

THROUGH IMPACT '88, FAA HAS PLEDGED TO ACCELERATE AND REDOUBLE AGENCY EFFORTS TO SAFELY STEER CIVIL AVIATION THROUGH TODAY'S TURBULENT SKIES. NO AGENCY WORLDWIDE IS MORE UP TO THE CHALLENGE THAN THE MEN AND WOMEN OF FAA, AND NO AVIATION SYSTEM ON EARTH IS AS SAFE AS OUR'S. BUT WHILE THE SYSTEM IS SAFE, WE ARE WITNESSING PRESSURES ON THE MARGINS OF SAFETY WHICH, IF NOT AGGRESSIVELY ADDRESSED, THREATEN TO ERODE SAFETY MARGINS AND DAMPEN THE BENEFIT OF THE DEREGULATED AIR TRAVEL TO MILLIONS OF AMERICANS. I PLEDGE THAT FAA WILL NOT ALLOW THOSE MARGINS OF SAFETY TO BE ERODED, NOR ALLOW MORE TRAFFIC INTO THE SYSTEM THAN WE CAN SAFELY HANDLE.

FY 1987 PERFORMANCE, CURRENT FY 1988 STATUS
AIR TRAFFIC CONTROL

IN FY 1989, THE FAA WILL OPERATE AN ESTIMATED 399 AIR TRAFFIC CONTROL TOWERS AND 22 AIR ROUTE TRAFFIC CONTROL CENTERS AND TWO COMBINED CENTER RADAR APPROACH CONTROL FACILITIES TO HANDLE A DAILY AVERAGE OF 176,400 TAKEOFFS AND LANDINGS AND 129,300 INSTRUMENT OPERATIONS, AND WILL PROVIDE 133,150 FLIGHT SERVICES.

DURING FISCAL YEAR 1987, THE NUMBER OF DAYS THAT THE AIR TRAFFIC CONTROL SYSTEM EXPERIENCED OVER 110,000 OPERATIONS INCREASED FROM 8 TO 55, AND 17 AIR TRAFFIC CONTROL FACILITIES EXPERIENCED RECORD HIGH OPERATIONS LEVELS IN FISCAL YEAR 1987. AN ALL TIME ONE-DAY HIGH OF 117,832 OPERATIONS WAS RECORDED IN MAY 1987.

I SHARE THE COMMITTEE'S CONCERN ABOUT PASSENGER DELAYS. I'M PLEASED TO REPORT THAT TOTAL SYSTEM DELAYS DROPPED 14.8 PERCENT LAST YEAR DESPITE RECORD VOLUME, AND MONTHLY DELAYS HAVE BEEN DECREASING SIGNIFICANTLY SINCE LAST JULY. THIS IS A POSITIVE REFLECTION THAT OUR PROGRAMS ARE WORKING, AND I CAN ASSURE YOU THAT THIS PROBLEM WILL CONTINUE TO RECEIVE OUR FULL ATTENTION. THE INTRODUCTION OF NEW COMPUTERS AND SOFTWARE IN OUR CENTRAL FLOW CONTROL FACILITY AND THE EFFECTIVENESS OF THE EXPANDED EAST COAST

PLAN HAVE HELPED TO REDUCE DELAYS. ALSO, NATIONWIDE AIR CARRIER SCHEDULES ARE MORE REALISTIC, AND SOME OF OUR HUB NETWORKS ARE BEGINNING TO STABILIZE.

THE FINAL PORTION OF PHASE II OF THE EXPANDED EAST COAST PLAN (EECP) WAS IMPLEMENTED ON MARCH 10, 1988. THE EECP IS A COMPREHENSIVE REVISION OF THE AIR TRAFFIC CONTROL ROUTES AND PROCEDURES IN THE EASTERN UNITED STATES TO REDUCE DELAYS. THIS WAS THE MOST COMPREHENSIVE REVISION IN AIRSPACE AND PROCEDURES EVER IMPLEMENTED BY THE FAA IN A SINGLE ACTION AND INVOLVED CHANGES AS WIDE REACHING AS BOSTON, NEW YORK, WASHINGTON, FLORIDA, AND DALLAS-FT. WORTH. IMPLEMENTATION WENT VERY SMOOTHLY WITH ONLY MINOR DELAYS IN SPITE OF ADVERSE WEATHER.

IN FISCAL YEAR 1987, FAA EXCEEDED THE EMPLOYMENT GOAL OF 15,225 IN THE CONTROLLER WORK FORCE WITH 15,433 ON BOARD LAST SEPTEMBER. BEGINNING THIS FISCAL YEAR, WE HAVE REVISED THE DEFINITION OF THE CONTROLLER WORK FORCE CONSISTENT WITH RECOMMENDATIONS OF THE GENERAL ACCOUNTING OFFICE AND CONGRESSIONAL DIRECTION. IT NOW INCLUDES FIRST LEVEL SUPERVISORS AND TRAFFIC MANAGEMENT COORDINATORS, AND EXCLUDES AIR TRAFFIC ASSISTANTS AND COMMON SCREEN STUDENTS. WE ARE INCREASING THE CONTROLLER WORK FORCE TO A MINIMUM OF 15,900 ON-BOARD BY THE END OF FISCAL YEAR 1988 AND 16,800 BY THE END OF FY 1989. AT THE END OF FEBRUARY, OUR CONTROLLER WORK FORCE STOOD AT 15,520. WE HAVE ALSO ADOPTED A MORE RIGOROUS METHOD FOR COUNTING FULL PERFORMANCE LEVEL CONTROLLERS. UNDER THE NEW DEFINITION, THERE WERE 8,902 FPL CONTROLLERS IN FEBRUARY. OUR GOALS FOR SEPTEMBER 30, ARE 9,932 FPL CONTROLLERS IN 1988 AND 10,832 IN THE END OF FY 1989. WE WILL SHORTLY REQUEST A FORMAL WAIVER OF THE 10,450 GOAL SET IN THIS YEAR'S APPROPRIATION ACT.

SYSTEMS MAINTENANCE

DURING FY 1987, THE FAA'S MAINTENANCE WORK FORCE CONTINUED ITS EXCELLENT RECORD OF ENSURING THAT NAS FACILITIES FUNCTION PROPERLY WITHIN THE AIR TRAFFIC CONTROL SYSTEM. WE INCREASED THE SYSTEMS MAINTENANCE WORK FORCE BY OVER 425 LAST YEAR. OUR END OF YEAR EMPLOYMENT GOALS FOR FIELD MAINTENANCE STAFFING ARE 8,700 FOR FY 1988 AND 8,900 FOR FY 1989.

AVIATION SAFETY INSPECTION PROGRAM

WE ARE CONTINUING TO ENHANCE THE AVIATION SAFETY INSPECTION PROGRAM THROUGH THE DEVELOPMENT OF A NATIONAL WORK PROGRAM AND NATIONAL PROGRAM GUIDELINES. WE HAVE AN ONGOING RECRUITING PROGRAM INTEGRATED WITH FAA'S IMPROVED TRAINING PROGRAM TO ENSURE THAT WE MAINTAIN AN ADEQUATE NUMBER OF INSPECTORS TO PERFORM THE REQUIRED INSPECTION, SURVEILLANCE, ENFORCEMENT, AND CERTIFICATION FUNCTIONS.

FAA IS NOW BENEFITING FROM IMPLEMENTATION OF PROGRAMS INITIATED OVER THE PAST SEVERAL YEARS UNDER PROJECT SAFE. THIS INCLUDES IMPROVED SELECTION TECHNIQUES AND QUALIFICATION STANDARDS FOR INSPECTORS; ADDITIONAL JOB-RELATED TRAINING COURSES; NEW STANDARDIZED GUIDANCE MATERIAL AND HANDBOOKS FOR USE BY INDUSTRY AND INSPECTION PERSONNEL: AND BETTER AUTOMATED SYSTEMS TO INCREASE THE PRODUCTIVITY OF OUR INSPECTORS. WE HAD 1,939 INSPECTORS ON

BOARD LAST SEPTEMBER AND PLAN TO HAVE 2,088 AND 2,373 ON BOARD AT THE END OF FY 1988 AND FY 1989 RESPECTIVELY.

IN 1987 UNDER THE FAA'S NATIONAL AVIATION SAFETY INSPECTION PROGRAM, COMPREHENSIVE INSPECTIONS WERE CONDUCTED ON 9 MAJOR AIR CARRIERS, 3 COMMUTER AIR CARRIERS, 14 PILOT SCHOOLS, 7 REPAIR STATIONS, AND SPECIAL EMPHASIS INSPECTIONS OF DELTA, EASTERN, AND 5 CARGO ONLY OPERATORS.

UNDER A TEAM CONCEPT, INSPECTORS WERE COMMITTED TO THESE INSPECTIONS TO ASSURE COMPLETE EXAMINATION OF EACH OPERATOR. WHILE THE TEAMS FOUND THAT OPERATORS, IN GENERAL, WERE CONDUCTING SAFE OPERATIONS, A NUMBER OF MAJOR CIVIL PENALTIES HAS RESULTED FROM THESE INSPECTIONS. THIS INSPECTION ACTIVITY HAS HAD A BROAD AND POSITIVE IMPACT THROUGHOUT THE AVIATION INDUSTRY. TO ENSURE THAT SAFETY IS MAINTAINED AT REQUIRED LEVELS, I RECENTLY ANNOUNCED A SPECIAL NATIONAL AVIATION SAFETY INSPECTION PROGRAM (NASIP) INSPECTION OF PART 135 COMMUTER OPERATORS THAT WILL BE CONDUCTED OVER THE NEXT SEVERAL MONTHS. MOST OTHER NASIP INSPECTIONS WILL BE DEFERRED PENDING COMPLETION OF THIS SPECIAL REVIEW.

DURING FISCAL YEAR 1987, 228,436 INSPECTIONS OF ALL TYPES OF THE NATION'S AIR CARRIER AND AIR AGENCIES WERE COMPLETED INCLUDING 36,851 INSPECTIONS REQUIRED UNDER THE NATIONAL WORK PROGRAM. THE PREPLANNED INSPECTIONS ARE IN ADDITION TO OTHER ACTIVITIES, SUCH AS ACCIDENT INVESTIGATION, AIRMAN CERTIFICATION, AND NEW-ENTRANT OPERATOR CERTIFICATION.

IMMEDIATELY AFTER TAKING THE OATH OF OFFICE, I CALLED A MEETING OF THE NATION'S CHIEF PILOTS AND WORKING WITH INDUSTRY, STARTED A MAJOR REVISION IN PILOT, TRAINING AND COCKPIT RESOURCE MANAGEMENT PROGRAMS. EARLY IN MARCH, INDUSTRY AND FAA REACHED AGREEMENT ON OUR FIRST MAJOR PRODUCT UNDER THIS IMPACT '88 INITIATIVE. WE ARE NOW ISSUING AN ADVISORY CIRCULAR ON CRITERIA FOR FAA-APPROVED COCKPIT RESOURCE MANAGEMENT TRAINING PROGRAMS. THIS BREAKS NEW GROUND FOR THE AGENCY AND INDUSTRY IN QUICKLY MOVING FORWARD WITH TRAINING TO PREVENT CREW-RELATED INCIDENTS AND ACCIDENTS. BY THIS FALL, WE ANTICIPATE THE MOST SIGNIFICANT CHANGES IN PILOT TRAINING REGULATIONS SINCE INTRODUCING THE TURBOJET OVER THIRTY YEARS AGO.

AIRCRAFT CERTIFICATION

DURING FISCAL YEAR 1987, THERE WERE 1,398 PRODUCTION APPROVAL HOLDERS AND APPROXIMATELY 550 OF THEIR PRIORITY PARTS SUPPLIERS UNDER FAA SURVEILLANCE. OUR AVIATION SAFETY INSPECTORS FOR MANUFACTURING AND OUR DESIGNEES ISSUED 4,478 ORIGINAL OR AMENDED AIRWORTHINESS CERTIFICATES AND RELATED EXPORT APPROVALS. A TOTAL OF 2,378 FAA DESIGNEES WERE UNDER FAA SUPERVISION. A TOTAL OF 187 ENFORCEMENT ACTIONS WERE CLOSED WHICH RESULTED IN CIVIL PENALTIES OR ADMINISTRATIVE ACTION AGAINST FAA PRODUCTION APPROVAL HOLDERS. THESE NUMBERS ARE CONSTANTLY INCREASING AS A RESULT OF THE INCREASED APPLICATION OF STATE-OF-THE-ART TECHNOLOGY AND PRODUCTION METHODS. THEREFORE, 23 ADDITIONAL POSITIONS HAVE BEEN REQUESTED IN FY 1989 TO COVER THE GROWING DEMAND FOR TECHNICAL EXPERTISE IN OUR SPECIFIED AIRCRAFT MANUFACTURING DISCIPLINES ENCOMPASSING BOTH DOMESTIC AND FOREIGN FRONTS.

IN FISCAL YEAR 1988, UNDER MY IMPACT 88 INITIATIVE, WE INAUGURATED THE NATIONAL SAFETY INSPECTION PROGRAM, WHICH WE REFER TO AS

"OPERATION SNAPSHOT". AS A RESULT OF OPERATION SNAPSHOT, THE NORMALLY SCHEDULED QUALITY ASSURANCE SYSTEM ANALYSIS REVIEW (QASAR) PROGRAM HAS BEEN HELD IN ABEYANCE TO ACCOMMODATE THE 62 NATIONAL SAFETY INSPECTIONS SCHEDULED FOR DOMESTIC MANUFACTURERS AND 18 FOREIGN MANUFACTURERS. AN ADDITIONAL 25 SPECIAL QASARS ARE ANTICIPATED DUE TO UNIQUE CIRCUMSTANCES. FOR FISCAL YEAR 1989 OPERATION SNAPSHOT WILL CULMINATE IN SEPTEMBER WITH 60 INSPECTIONS OF DOMESTIC AND 20 FOREIGN MANUFACTURERS BEING COMPLETED. THE QASAR PROGRAM WILL RECONVENE WITH APPROXIMATELY 300 REGULAR SCHEDULED AUDITS AND ANOTHER 25 SPECIAL QASARS.

WE ANTICIPATE THAT THERE WILL BE AN INCREASE IN THE WORKLOAD FOR OUR AVIATION SAFETY INSPECTORS FOR MANUFACTURING. THIS WORKLOAD INCLUDES IMPORT AND EXPORT CERTIFICATION UNDER BILATERAL AIRWORTHINESS AGREEMENTS; EXTENSIVE SUPPORT TO AIRCRAFT MANUFACTURERS IN PROTOTYPE AIRCRAFT ACTIVITY; DEMAND ACTIVITY INVOLVING AIRWORTHINESS AND EXPORT CERTIFICATION; AND SUPERVISION OF DESIGNEES.

DURING FISCAL YEAR 1987, I APPROVED THE CONTINUATION OF "PROJECT SMART," THE MASTER PLAN FOR ENHANCING THE NATIONAL AIRCRAFT CERTIFICATION REGULATORY PROGRAM. THIS PLAN PUTS SPECIAL FOCUS ON NATIONAL ORGANIZATIONAL DEVELOPMENT, MEETING FUTURE NEEDS, STANDARDIZATION, PROMOTING HUMAN RELATIONS, AND ASSURING THE CONTINUED EFFECTIVENESS OF THE AIRCRAFT CERTIFICATION REGULATORY PROGRAM. SEVERAL SUBPROJECTS, INCLUDING A JOB-TASK ANALYSIS AND MANAGEMENT ANALYSIS, HAVE ALREADY BEGUN. OTHER ELEMENTS OF THE PLAN CURRENTLY ON THE DRAWING BOARD INCLUDE IMPROVED PROGRAM GUIDELINES, STANDARDIZED POSITION DESCRIPTIONS AND PERFORMANCE STANDARDS, ENHANCED STAFFING STANDARDS, AND THE DEVELOPMENT OF RELIABLE RECRUITMENT CRITERIA.

IDENTIFICATION OF THE SPECIFIC TRAINING NEEDS OF AIRCRAFT CERTIFICATION PERSONNEL AND THE IMPLEMENTATION OF A TRAINING PROGRAM TAILORED TO THOSE REQUIREMENTS IS ALSO AN IMPORTANT PART OF PROJECT SMART.

AVIATION SECURITY

WE ARE WELL INTO THE IMPLEMENTATION OF A COMPREHENSIVE AND DYNAMIC SECURITY PROGRAM DESIGNED TO PROVIDE EFFECTIVE RESPONSES TO MEET THE CHANGING TERRORIST THREAT TO CIVIL AVIATION.

AN UPGRADED FEDERAL AIR MARSHAL (FAM) PROGRAM WAS INSTITUTED IN SEPTEMBER 1985. FAM'S ARE DEPLOYED AS PART OF THE TOTAL CIVIL AVIATION SECURITY EFFORT, TRAVELING OVER 7 MILLION MILES IN FY 1987, AND THEIR FUNCTION INCLUDES MONITORING OF GROUND SECURITY TO PRECLUDE ANY INFLIGHT INCIDENTS.

THE INTERNATIONAL SECURITY AND DEVELOPMENT COOPERATION ACT OF 1985 REQUIRES RIGOROUS FOREIGN AIRPORT ASSESSMENT ACTIVITY AND PROVIDES FOR MORE STRINGENT SANCTIONS AGAINST AIRPORTS THAT FAIL TO MAINTAIN AND ADMINISTER EFFECTIVE SECURITY MEASURES. IN ACCORDANCE WITH THIS ACT, IN FY 1987, WE CONDUCTED 286 ASSESSMENTS AT 178 DIFFERENT FOREIGN AIRPORTS. WE WORKED WITH REPRESENTATIVES OF FOREIGN GOVERNMENTS AND THE U.S. DEPARTMENT OF STATE TO RESOLVE ANY IDENTIFIED SHORTCOMINGS.

ALTHOUGH IT WAS FOUND NECESSARY TO IMPOSE SANCTIONS ON THE MANILA INTERNATIONAL AIRPORT IN FY 1986, CONDITIONS HAVE SHOWN IMPROVEMENT DURING FY 1987, SUCH THAT NO SANCTIONS AGAINST FOREIGN AIRPORTS WERE REQUIRED ACCORDING TO THE PROVISIONS OF THE ACT.

THE CATEGORY X DESIGNATION WAS DEVELOPED TO INDICATE THOSE DOMESTIC AIRPORTS WHERE THE HIGHEST LEVEL OF POTENTIAL THREAT EXISTS WITHIN THE UNITED STATES. DURING FY 1987, INCREASED SECURITY REQUIREMENTS WERE PLACED UPON THESE AIRPORTS. LIKEWISE, INSPECTION FREQUENCY WAS INCREASED SO THAT EACH CATEGORY X AIRPORT IS INSPECTED BY FAA SECURITY INSPECTORS ON A MONTHLY BASIS. THE CIVIL AVIATION SECURITY NATIONAL AIRPORT INSPECTION PROGRAM (CASNAIP) WAS IMPLEMENTED TO RECOGNIZE THESE SPECIAL-EMPHASIS AIRPORTS AND TO DETERMINE PROGRESS ON IMPLEMENTATION OF ENHANCED SECURITY PROCEDURES AND INITIATIVES, AS WELL AS TO EVALUATE OVERALL EFFECTIVENESS OF THE CIVIL AVIATION SECURITY PROGRAM AT THESE LOCATIONS.

A NUMBER OF SIGNIFICANT ACTIONS HAVE BEEN TAKEN TO ENHANCE THE NUMBER AND SCOPE OF SECURITY PROCEDURES REQUIRED AT ALL AIRPORTS--WITH PARTICULAR EMPHASIS ON SIGNIFICANTLY MORE STRINGENT AND SOPHISTICATED MEASURES AT SELECTED INTERNATIONAL AIRPORTS. THE FAA PARTICIPATED WITH THE SECRETARY OF TRANSPORTATION'S SAFETY REVIEW TASK FORCE WHICH COMPLETED A COMPREHENSIVE REVIEW OF AVIATION SECURITY AT AIRPORTS THROUGHOUT THE UNITED STATES. WE HAVE DEVELOPED PLANS, IN COORDINATION WITH INDUSTRY AND FAA FIELD OFFICES, TO IMPLEMENT THE RECOMMENDATIONS OF THE TASK FORCE.

ADMINISTRATION OF AIRPORTS

DURING FISCAL YEAR 1987, FAA AWARDED CONTRACTS TO SUPPORT CAPACITY-RELATED ACTIVITIES SUCH AS THE DEVELOPMENT OF AIRPORT AND AIRSPACE COMPUTER SIMULATION MODELS IN SUPPORT OF CAPACITY ENHANCEMENT. IN SEPTEMBER 1987, WE ISSUED AN UPDATED NATIONAL PLAN OF INTEGRATED AIRPORT SYSTEMS (NPIAS), WHICH ESTIMATES THE COST OVER THE NEXT 10 YEARS OF PRESERVING AND EXPANDING THE NATION'S AIRPORT SYSTEM. THIS 10 YEAR PLAN CONTAINS 3,243 EXISTING AIRPORTS AND IDENTIFIES 466 NEW OR REPLACEMENT AIRPORTS TO BE CONSTRUCTED OVER THE NEXT 10 YEARS. SEVENTEEN OF THE 449 NEW AIRPORTS IDENTIFIED IN THE LAST NPIAS HAVE BEEN BUILT OR ARE UNDER CONSTRUCTION. ONLY FOUR NEW PRIMARY AIRPORTS ARE CURRENTLY BEING CONSIDERED FOR CONSTRUCTION DURING THE NEXT 10 YEARS. ALSO, THE SECOND EDITION OF THE AIRPORT CAPACITY ENHANCEMENT (ACE) PLAN WAS PUBLISHED. THE ACE PLAN IS A COMPILATION OF FAA AIRPORT CAPACITY IMPROVEMENT PROGRAMS INCLUDING NEW AIRSPACE PROCEDURES, NAVAID AND SYSTEMS DEVELOPMENT, AND AIRPORT DEVELOPMENT.

AT THE END OF CALENDAR YEAR 1986, THE FAA COMPLETED ITS PROGRAM TO END OPERATION OF NON-NOISE COMPLIANT STAGE 1 4-ENGINE JETS AT U.S. AIRPORTS. THE REMAINING STAGE 1 TRANSPORT CATEGORY AIRPLANES, ALL 2-ENGINE JETS, CEASED OPERATIONS AT U.S. AIRPORTS BY DECEMBER 31, 1987. ACCORDINGLY, ALL LARGE (OVER 75,000 POUNDS GROSS WEIGHT) AIRPLANES MUST MEET STAGE 2 OR STAGE 3 NOISE STANDARDS TO OPERATE AT ANY U.S. AIRPORT TODAY.

THE FAA ALSO MADE ABOUT 1,000 SAFETY INSPECTIONS OF AIRPORTS UNDER THE AIRPORT CERTIFICATION PROGRAM COVERED BY FEDERAL AVIATION REGULATIONS PART 139. THIS REGULATION ESTABLISHES SPECIFIC LEVELS

OF AIRPORT OPERATIONAL AND DESIGN SAFETY FOR AIRPORTS SERVED BY AIR CARRIERS. FAA-CREDENTIALED AIRPORT CERTIFICATION INSPECTORS PERFORM ANNUAL INSPECTIONS OF CERTIFICATED AIRPORTS, AND INITIATE FOLLOW-UP INSPECTIONS AS REQUIRED, TO ENSURE THAT CERTIFICATED AIRPORTS MEET THE REQUIRED LEVELS OF SAFETY OUTLINED IN THE REGULATION. DURING FY 1987, A RENEWED EMPHASIS WAS PLACED ON THIS IMPORTANT SAFETY PROGRAM, INCLUDING REQUIRED RECURRENT TRAINING FOR INSPECTORS AND ESTABLISHMENT OF PROCEDURES TO ENSURE GREATER UNIFORMITY OF INSPECTION PRACTICES THROUGHOUT THE REGIONS.

DURING FY 1987, FINAL WORK WAS COMPLETED ON A MAJOR REVISION TO FAR PART 139 THAT WILL ENHANCE SAFETY AT CERTIFICATED AIRPORTS. THE REVISIONS INCLUDED IN THE REGULATION ADDRESSED SAFETY CONCERNS THAT HAD SURFACED DURING THE YEARS SINCE IMPLEMENTATION OF THE REGULATION, INCLUDING RECOMMENDATIONS OF THE NATIONAL TRANSPORTATION SAFETY BOARD (NTSB) THE REVISED REGULATION BECAME EFFECTIVE ON JANUARY 1, 1988.

THROUGH A COOPERATIVE PROGRAM WITH THE NATIONAL ASSOCIATION OF STATE AVIATION OFFICIALS AND THE STATE GOVERNMENTS, SAFETY INSPECTIONS ARE ALSO BEING CONDUCTED ON AN ANNUAL BASIS AT THE REMAINING 4,000 PUBLIC USE LANDING FACILITIES. THE COOPERATIVE INSPECTION PROGRAM WITH THE STATES ADVANCES OUR FEDERALISM OBJECTIVES BY INCREASING STATE PARTICIPATION IN AVIATION MATTERS.

THIS YEAR THE FAA IS EXPANDING THE APPLICATION OF MODERN OPERATIONS RESEARCH TECHNIQUES AND MODELING TO LOOK AT THE NAS AS A SYSTEM. WE WILL HAVE AN INITIAL CAPABILITY AT THE END OF FY 1988 TO ASSESS CAPACITY/DELAY PROBLEMS AND DEVELOP ALTERNATIVES TO CORRECT THE PROBLEMS. THE FAA IS WORKING CLOSELY WITH INDUSTRY TO DEVELOP AND IMPLEMENT NAS PERFORMANCE ANALYSIS CAPABILITY.

HUMAN RESOURCE MANAGEMENT

WE CONTINUE TO PLACE HIGH PRIORITY ON OUR HUMAN RESOURCES PROGRAM TO ADDRESS CONCERNS OF OUR EMPLOYEES. IN THE PAST YEAR:

o WE COMPLETED AN EVALUATION OF OUR EMPLOYEE ATTITUDE SURVEY PROCESS WHICH SHOWED PROGRESS IN THE SELECTION OF MANAGERS WITH GOOD COMMUNICATIONS SKILLS. THE EVALUATION ALSO HIGHLIGHTED AREAS WHERE CONTINUING EFFORTS NEED TO BE MADE TO RESOLVE EMPLOYEE CONCERNS. WE ARE MAKING SIGNIFICANT IMPROVEMENTS IN THE SURVEY PROCESS THIS YEAR. I BELIEVE THIS PROGRAM WILL CONTINUE TO BE A KEY INDEX OF OUR PROGRESS IN IMPROVING THE WAY WE MANAGE OUR PEOPLE.

o OUR SUPERVISORY IDENTIFICATION AND DEVELOPMENT PROGRAM (SIDP) WAS SUCCESSFULLY TESTED IN TWO REGIONS. FUNDS ARE REQUESTED IN FY 1989 FOR NATIONWIDE EXPANSION IN THE AIR TRAFFIC CONTROL CAREER FIELDS. THIS PROGRAM PROVIDES DRAMATICALLY IMPROVED METHODS FOR IDENTIFICATION AND SELECTION OF FIRST-LEVEL SUPERVISORS, INCLUDING AN OPPORTUNITY FOR PEER EMPLOYEES TO ASSESS SUPERVISORY POTENTIAL OF THE CANDIDATES. WE HOPE TO EXPAND THIS CONCEPT TO OTHER SEGMENTS OF OUR WORK FORCE IN THE FUTURE.

o FOLLOWING A COMPETITIVE SELECTION PROCESS, WE OPENED OUR CENTER FOR MANAGEMENT DEVELOPMENT (CMD) IN OCTOBER 1987. THIS MODERN MANAGEMENT TRAINING FACILITY IS OUR FIRST MAJOR UPGRADE SINCE THE PROGRAM WAS ESTABLISHED IN 1971. WE HAVE ALSO COMPLETED TWO

COMPREHENSIVE STUDIES OF FAA SUPERVISORY JOBS AND ARE CURRENTLY REVISING OUR SUPERVISORY TRAINING, SELECTION, AND PERFORMANCE MANAGEMENT SYSTEMS TO REFLECT THE STUDY RESULTS. THE FIRST SUPERVISORY COURSE WILL BE REVISED BY EARLY FY 1989.

o WE ESTABLISHED A PILOT PROGRAM TO EXTEND THE PHILOSOPHY OF PARTICIPATIVE MANAGEMENT TO THE UNIONIZED SECTOR OF OUR WORK FORCE. IN PARTNERSHIP WITH THE PROFESSIONAL AIRWAY SYSTEMS SPECIALISTS AND WITH THE HELP OF OUTSIDE EXPERTS, WE BEGAN A COLLABORATIVE EFFORT AT A FEW SITES IN OUR EASTERN REGION. WE HAVE BEEN PLEASED WITH THE RESULTS AND HAVE EXPANDED THE PROGRAM TO ADDITIONAL SITES IN THE EASTERN REGION. WE HAVE ALSO BEGUN TO IMPLEMENT THE PROGRAM IN OUR WESTERN-PACIFIC REGION. WE HOPE THE PROGRAM WILL BECOME THE MODEL FOR LABOR/MANAGEMENT RELATIONSHIPS THROUGHOUT FAA.

o IN JANUARY OF THIS YEAR, WE LAUNCHED AN IN-HOUSE STUDY OF POSSIBLE PAY ALTERNATIVES FOR EMPLOYEES AND SUPERVISORS INVOLVED IN AIR TRAFFIC CONTROL. IT APPEARS THAT THE PRESENT FEDERAL PAY SYSTEM IS NOT RESPONSIVE TO OUR UNIQUE REQUIREMENTS AND MAY BE PREVENTING US FROM MAKING THE MOST EFFECTIVE USE OF OUR WORK FORCE. WE ARE LOOKING AT ALTERNATIVE METHODS OF COMPENSATING EMPLOYEES AND SUPERVISORS THAT WILL ENABLE THE AGENCY TO BETTER DISCHARGE ITS SAFETY RESPONSIBILITIES. THE RESULTS OF THE INTERNAL REVIEW WILL BE USED AS A FRAMEWORK FOR DISCUSSIONS WITH THE OFFICE OF PERSONNEL MANAGEMENT AND THE OFFICE OF MANAGEMENT AND BUDGET.

o WE HAVE IMPLEMENTED A PROJECT THAT WILL STREAMLINE OUR AIR TRAFFIC CONTROLLER HIRING TO ELIMINATE THE LENGTHY PROCESSES THAT HISTORICALLY HAVE COMPLICATED OUR DEVELOPMENT OF QUALIFIED AIR TRAFFIC CONTROLLERS. IN COOPERATION WITH OPM, WE NOW HAVE THE AUTHORITY TO CONDUCT AND SCORE THE AIR TRAFFIC CONTROL ENTRANCE EXAMINATION AT FAA REGIONAL OFFICES. THE CURRENT PRE-EMPLOYMENT PROCESSING TIME OF 6 TO 18 MONTHS WILL BE REDUCED TO AS SHORT AS 45 DAYS. THIS WILL ALLOW US TO OFFER EMPLOYMENT TO INDIVIDUALS WHILE THEIR INTEREST IN THE FAA IS STILL HIGH, AND BEFORE THEY HAVE OPTED FOR OTHER CAREERS.

o LAST FALL, TO IMPROVE THE EFFECTIVENESS OF TRAINING FOR AIR TRAFFIC CONTROLLERS, WE LAUNCHED SEVERAL COMPREHENSIVE STUDIES OF AIR TRAFFIC TRAINING. THESE STUDIES WILL PRODUCE SHORT-RANGE AND LONG-RANGE PLANS FOR MODERNIZING THE AIR TRAFFIC CONTROLLER TRAINING WITH AN EMPHASIS ON THE USE OF ADVANCED TRAINING TECNOLOGY TO EFFICIENTLY TRAIN WELL QUALIFIED FPL CONTROLLERS. RESULTS OF THESE STUDIES ARE VERY EXCITING. FINAL REPORTS WILL BE AVAILABLE LATER THIS SPRING. WE HAVE SEVERAL INITIATIVES IN THE FY 1989 BUDGET TO INTRODUCE ADVANCED TRAINING METHODS.

AVIATION SAFETY

THE OFFICE OF AVIATION SAFETY INITIATED AN FAA-WIDE SYSTEM SAFETY PROGRAM THAT WILL PROVIDE GUIDELINES AND DIRECTION TO HELP INSURE THAT ALL SAFETY ASPECTS OF MAJOR ACQUISITIONS, AIR TRAFFIC CONTROL PROCEDURAL CHANGES, AND SOFTWARE IMPLEMENTATIONS ARE ADDRESSED. A DRAFT SAFETY PROGRAM ORDER AND STANDARD WERE COMPLETED IN 1987. A PROGRAM HANDBOOK, MANAGEMENT INFORMATION SYSTEM, AND TRAINING

COURSE ARE SCHEDULED FOR COMPLETION IN CALENDAR YEAR 1988, WITH FULL PROGRAM IMPLEMENTATION PLANNED IN CALENDAR YEAR 1989.

WHILE ACCIDENT RATES ROSE FOR PART 121 SCHEDULED AIR CARRIERS AND COMMUTERS FROM CALENDAR YEAR 1986 TO CALENDAR YEAR 1987, THE OVERALL SYSTEM RATES SHOWED IMPROVEMENT. THE NUMBER OF ACCIDENTS PER 100,000 FLIGHT HOURS FOR THE OVERALL SYSTEM DECREASED BY 8 PERCENT AND THE NUMBER OF FATAL ACCIDENTS PER 100,000 FLIGHT HOURS DECREASED BY 9 PERCENT. GENERAL AVIATION ENJOYED ITS FIFTH CONSECUTIVE YEAR OF DECLINING TOTAL AND FATAL ACCIDENT RATES. OVERALL SYSTEM ACCIDENT RATES AND RATES FOR SCHEDULED AIR CARRIERS AND COMMUTERS WERE ALSO BELOW 1978 LEVELS, WHEN THE AIRLINE INDUSTRY WAS DEREGULATED. THE ACCIDENT INVESTIGATION QUALITY ASSURANCE PROGRAM WAS IMPLEMENTED IN FY 1987 IN ALL NINE REGIONS TO HELP FURTHER IMPROVE THE ACCIDENT RATE.

I SHOULD ALSO POINT OUT THAT NEAR MID-AIR COLLISION REPORTS FOR THE FOUR-MONTH PERIOD ENDING FEBRUARY 1988, DECREASED 24 PERCENT, AND PILOT DEVIATIONS FOR A THREE-MONTH PERIOD ENDING IN NOVEMBER WERE ALSO DOWN 10 PERCENT OVER THE PREVIOUS YEAR.

LAST YEAR A STUDY WAS CONDUCTED ON THE EFFECTIVENESS OF THE FAA TERMINAL CONTROL AREA (TCA) PROGRAM IN MEETING THE SEPARATION ASSURANCE NEEDS OF CURRENT AND FUTURE AVIATION TRAFFIC AT 23 HIGH ACTIVITY TERMINAL LOCATIONS. THE STUDY GENERATED MORE THAN 50 RECOMMENDATIONS ADDRESSING PILOT AND CONTROLLER EDUCATION, ENFORCEMENT OF THESE PROGRAMS, AND TCA CONCEPT AND DESIGN.

AT THE END OF FISCAL YEAR FY 1987, 352 NTSB SAFETY RECOMMENDATIONS WERE CLASSIFIED AS "OPEN." THIS WAS THE LOWEST NUMBER OF "OPEN" SAFETY RECOMMENDATIONS IN SEVEN YEARS. DURING FY 1987, THE FAA RECEIVED A TOTAL OF 132 SAFETY RECOMMENDATIONS, WHILE CLOSING 165 SAFETY RECOMMENDATIONS.

OUR BACK-TO-BASICS PROGRAM CONTINUED TO REACQUAINT ALL SEGMENTS OF THE AVIATION INDUSTRY WITH THE PRIMARY AND BASIC OPERATIONAL PROCEDURES WHICH WERE TAUGHT TO PILOTS AND MECHANICS EARLY IN THEIR AVIATION CAREERS. THE PURPOSE OF THE PROGRAM IS TO IMPROVE SAFETY THROUGH REDUCING ACCIDENTS AND INCIDENTS CAUSED BY INAPPROPRIATE DECISION-MAKING AND INADEQUATE ATTENTION TO BASIC SAFE FLYING TECHNIQUES. I PERSONALLY HAVE VISITED WITH MANY PILOT GROUPS AROUND THE COUNTRY, REINFORCING THE NEED TO "FLY SMART, NOT SCARED" AS WE USED TO SAY IN THE AIR FORCE. SINCE THE PROGRAM BEGAN, OVER 1,200,000 AVIATION PERSONNEL HAVE ATTENDED OVER 30,000 BACK-TO-BASICS SEMINARS AND CLINICS CONDUCTED BY 80 FAA ACCIDENT PREVENTION OR PROGRAM SPECIALISTS, AND OVER 3,500 VOLUNTEER ACCIDENT PREVENTION COUNSELORS.

IN ORDER TO ASSURE CONTINUED IMPROVEMENT IN AVIATION SAFETY, WE HAVE THE FOLLOWING PROGRAMS:

o ONGOING REVIEW OF STRUCTURAL INSPECTION DOCUMENTS FOR OLDER AIR CARRIER TRANSPORTS.

o CONTINUED ENGINEERING SUPPORT OF THE NATIONAL AVIATION SAFETY INSPECTION PROGRAM AS APPLIED TO MOST TYPES OF OPERATORS INSPECTED.

o DEVELOPMENT OF NEW STANDARDS NEEDED FOR THE CERTIFICATION OF STATE-OF-ART AIRCRAFT, SUCH AS FLY-BY-WIRE, TILT WING AND PROPFANS, THAT WILL BE FLYING WELL INTO THE NEXT CENTURY.

o CONTINUED EFFORT TO IMPROVE THE CABIN SAFETY OF TRANSPORT AND GENERAL AVIATION AIRCRAFT.

o IMPROVE THE SAFETY OF THE NAS BY GENERATING STANDARDS FOR COLLISION AVOIDANCE SYSTEMS, MLS, AND LORAN-C.

FAA IMPLEMENTED DRUG TESTING IN FEBRUARY 1987 FOR EMPLOYEES IN SAFETY-RELATED POSITIONS WHO ARE REQUIRED TO HAVE PERIODIC MEDICAL EXAMINATIONS. THIS PROGRAM WAS INCORPORATED INTO THE DEPARTMENT OF TRANSPORTATION OVERALL DRUG TESTING PROGRAM, EFFECTIVE JUNE 29, 1987. THE DOT PROGRAM ALSO INCLUDES RANDOM TESTING WHICH BEGAN ON SEPTEMBER 10, 1987. THERE ARE APPROXIMATELY 30,000 EMPLOYEES IN DOT WHO ARE SUBJECT TO RANDOM TESTING. NINETY-FIVE PERCENT OF THESE ARE FAA EMPLOYEES WHO ARE IN POSITIONS SUCH AS AIR TRAFFIC CONTROLLERS, ELECTRONICS TECHNICIAN, FEDERAL AIR MARSHALS, AND AVIATION SAFETY INSPECTORS.

TO DATE, THERE HAVE BEEN 26,903 DRUG TESTS DONE IN THE PERIODIC PROGRAM (THOSE DONE IN CONJUNCTION WITH A MEDICAL EXAMINATION). THERE HAVE BEEN 61 POSITIVE RESULTS: 38 APPLICANTS, AND 23 ONBOARD EMPLOYEES. IN THE RANDOM TESTING PROGRAM, APPROXIMATELY 1,100 FAA EMPLOYEES HAVE BEEN TESTED WITH 10 POSITIVES AS OF MARCH 4, 1988.

ON MARCH 3, 1988, THE FAA ISSUED A NOTICE OF PROPOSED RULEMAKING ENTITLED "ANTI-DRUG PROGRAM FOR PERSONNEL ENGAGED IN SPECIFIED AVIATION ACTIVITIES." THIS PROPOSAL WOULD INVOLVE THE TESTING OF SOME 500,000 PERSONNEL TO INCLUDE AIRCREW MEMBERS, MECHANICS AND OTHERS. THE NOTICE WILL BE OPEN FOR COMMENTS UNTIL JUNE 13, 1988. THE PROPOSAL CALLS FOR DRUG TESTING UNDER THE FOLLOWING CIRCUMSTANCES: PREEMPLOYMENT, PERIODIC (IN CONJUNCTION WITH REQUIRED FAA PHYSICAL EXAMINATIONS), RANDOM TESTING, POST ACCIDENT, AND REASONABLE CAUSE. THERE IS ALSO A REHABILITATION PROVISION AND WE ARE ASKING FOR COMMENTS AS TO WHEN, AND UNDER WHAT CIRCUMSTANCES REHABILITATION SHOULD BE OFFERED. THIS PROPOSED RULE REAFFIRMS THE DOT'S AND FAA'S COMMITMENT TOWARD ENSURING A DRUG FREE AVIATION SYSTEM.

NATIONAL AIRSPACE SYSTEM PLAN

DESPITE THE BUDGET CUTS I REFERRED TO EARLIER, SUBSTANTIAL PROGRESS HAS BEEN MADE ON THE NAS PLAN. AT THE END OF FY 1987, OVER 90 PERCENT OF THE MAJOR PROJECTS WERE UNDER CONTRACT; DELIVERIES BEGAN ON OVER 55 PERCENT; AND 16 PERCENT OF ALL NAS PLAN PROJECTS ARE COMPLETE.

ONE OF THE MORE SIGNIFICANT NAS PLAN ACHIEVEMENTS IS THE HOST COMPUTER INSTALLATION. THE FIRST HOST COMPUTER SYSTEM AT THE SEATTLE AIR ROUTE TRAFFIC CONTROL CENTER WAS COMMISSIONED IN MAY 1987. BY THE END OF CALENDAR YEAR 1987 ALL 20 HOST COMPUTER SYSTEMS WERE DELIVERED AND 14 SITES WERE FULLY OPERATIONAL AS OF MARCH 21, 1988. THE REMAINING 6 SITES WILL BECOME OPERATIONAL BY MID-JUNE OF THIS YEAR. THIS WILL MARK THE SUCCESSFUL COMPLETION OF THE FIRST PHASE OF THE IMPLEMENTATION OF THE ADVANCED AUTOMATION SYSTEM. ALSO, WE EXPECT TO AWARD THE ACQUISITION PHASE OF THE ADVANCED AUTOMATION SYSTEM CONTRACT THIS SUMMER.

THE FIRST NEW AIRPORT SURVEILLANCE RADAR, THE ASR-9 WILL BE COMMISSIONED IN HUNTSVILLE, ALABAMA, AT THE END OF JULY. THE FIRST MICROWAVE LANDING SYSTEM (MLS) HAS BEEN SHIPPED. I DON'T THINK FAA HAS DONE A GOOD JOB OF PROVING OR PROMOTING THE BENEFITS OF MLS. MOST AGREE IN INDUSTRY OR GOVERNMENT THAT MLS IS THE LANDING SYSTEM OF THE FUTURE.

WE HAVE MADE SOME OTHER SIGNIFICANT STRIDES IN THE ADVANCED TECHNOLOGY AREA. WE'VE ACCELERATED DEVELOPMENT OF TCAS III, AN UPGRADED COLLISION-AVOIDANCE TECHNOLOGY THAT REDUCES THE RISK OF MID-AIR COLLISION.

AVIATION FORECASTS

WITH CONTINUED GROWTH IN THE ECONOMY, AVIATION ACTIVITY IS EXPECTED TO CONTINUE THE UPTURN BEGUN DURING FISCAL YEAR 1983. THIS GROWTH WILL, OF COURSE, AFFECT FAA WORK AND RESOURCES. LET ME BRIEFLY HIGHLIGHT OUR ACTIVITY FORECASTS.

WE PROJECT THE FOLLOWING INCREASES FROM FY 1988 TO FY 1989:

- INSTRUMENT FLIGHT RULES AIRCRAFT HANDLED BY THE EN ROUTE SYSTEM WILL INCREASE FROM 37.0 MILLION TO 38.0 MILLION, OR 2.7 PERCENT.

- INSTRUMENT OPERATIONS AT FAA TOWERS WILL INCREASE FROM 45.4 MILLION TO 47.2 MILLION, A 4.0 PERCENT RISE.

- AIRCRAFT OPERATIONS, LANDING AND TAKEOFFS, CONTROLLED BY FAA TOWERS WILL INCREASE 2.7 PERCENT FROM 62.7 MILLION TO 64.4 MILLION.

- FLIGHT SERVICES PROVIDED BY FLIGHT SERVICE STATIONS WILL INCREASE SLIGHTLY FROM 47.9 MILLION TO 48.6 MILLION.

AIRPORT AND AIRWAY TRUST FUND

AVIATION USER TAXES AND EXPENDITURES FROM THE AIRPORT AND AIRWAY TRUST FUND ARE AUTHORIZED BY THE AIRPORT AND AIRWAY SAFETY AND CAPACITY EXPANSION ACT OF 1987. THE ACT AUTHORIZES $14.6 BILLION FOR AIRPORT GRANTS THROUGH FY 1992 AND AIRWAY IMPROVEMENTS (THE NAS PLAN) THROUGH FY 1990 FROM THE TRUST FUND. IN ADDITION, FAA OPERATIONS COSTS OF UP TO 50 PERCENT OF THE AMOUNTS PROVIDED FOR AIRPORT GRANTS, FACILITIES AND EQUIPMENT, AND RESEARCH, ENGINEERING AND DEVELOPMENT MAY ALSO BE FINANCED FROM THE FUND.

HOWEVER, A PENALTY PROVISION IN THE ACT REDUCES ELIGIBLE TRUST FUND FINANCING OF OPERATIONS BY $2 FOR EVERY $1 SHORTFALL BETWEEN AUTHORIZATIONS AND APPROPRIATIONS FOR GRANTS, FACILITIES AND EQUIPMENT, AND RESEARCH, ENGINEERING AND DEVELOPMENT. THIS PENALTY REQUIRES AN OFFSETTING INCREASE IN THE GENERAL FUND SUBSIDY OF AVIATION COSTS WHILE AMASSING A SURPLUS IN THE TRUST FUND. THE ADMINISTRATION PROPOSES WAIVING THE PENALTY CLAUSE IN FY 1989.

OUR FY 1989 BUDGET ASSUMES THAT THE PENALTY PROVISION IN THE AIRPORT AND AIRWAY SAFETY AND CAPACITY EXPANSION ACT WILL BE SUSPENDED AND THAT ALMOST $1.5 BILLION IN OPERATIONS COSTS WILL BE

FINANCED BY THE TRUST FUND AND THE BALANCE WOULD DECLINE TO $5.6 BILLION. IF THIS HAPPENS, THE TRUST FUND WILL SUPPORT 69 PERCENT OF TOTAL ANNUAL FAA COSTS. IF THE PROVISION IS NOT WAIVED, ONLY ABOUT $500 MILLION OF OPERATIONS COST COULD BE FINANCED FROM THE TRUST FUND AND THE UNCOMMITTED FUND BALANCE WILL RISE TO $6.6 BILLION BY THE END OF FY 1989.

FISCAL YEAR 1989 REQUESTS

OUR TOTAL FISCAL YEAR 1989 BUDGET ESTIMATE REQUESTS $6,937 MILLION IN BUDGET AUTHORITY AND 50,171 DIRECT, FULL-TIME PERMANENT POSITIONS. THIS REPRESENTS A 13 PERCENT DOLLAR INCREASE AND A 3.2 PERCENT POSITION INCREASE OVER THE FISCAL YEAR 1988 LEVELS.

WE ARE REQUESTING $3,445 MILLION FOR THE OPERATIONS APPROPRIATION. THIS REPRESENTS MORE THAN A 9 PERCENT INCREASE OVER THE FY 1988 ENACTED LEVEL. A SIGNIFICANT PORTION OF THIS INCREASE IS REQUIRED TO ANNUALIZE THE EMPLOYMENT INCREASES AND OTHER NEW COSTS BEING INCURRED IN FY 1988. THESE FUNDS WILL BE USED TO OPERATE AND MAINTAIN THE NATION'S AIR TRAFFIC CONTROL AND NAVIGATION SYSTEMS, PROVIDE FOR AVIATION SAFETY AND SECURITY INSPECTIONS, ESTABLISH AND ENFORCE CIVIL AIR REGULATIONS, PROVIDE FOR AIRPORT SAFETY INSPECTIONS, AIRPORT SYSTEM PLANNING, AND ADMINISTER AIRPORT GRANTS.

THE FIELD MAINTENANCE WORK FORCE WILL GROW TO 8,900 BY THE END OF FY 1989. IN ADDITION, WE WANT CONGRESS TO REMOVE ITS RESTRICTIONS THAT PREVENT US FROM AWARDING A PILOT MAINTENANCE CONTRACT TO COMPARE CONTRACTOR PERFORMANCE AND COST AGAINST THE CURRENT FAA PERFORMANCE AND COST FOR THE MAINTENANCE OF VISUAL FLIGHT RULE NAVIGATION AND LANDING AID EQUIPMENT. STATE GOVERNMENTS SUCCESSFULLY OPERATE AND MAINTAIN HUNDREDS OF NAVIGATION AIDS IN A SAFE MANNER USING A VARIETY OF MANAGEMENT PRACTICES. WE, TOO, NEED THE FREEDOM TO SEE IF OTHER WAYS MAY BE BETTER THAN OUR TRADITIONAL PRACTICES.

INCLUDED IN OUR REQUEST IS $15 MILLION FOR FIRST YEAR COSTS OF THIS PILOT CONTRACT. NO REDUCTION OF DIRECT FAA RESOURCES FOR THIS FUNCTION WILL BE PROPOSED UNLESS THE PILOT CONTRACT DEMONSTRATES THAT CONVERSION TO A CONTRACTOR IS SAFE AND COST-EFFICIENT AND THAT THE TRANSITION CAN BE CARRIED OUT WITHOUT ANY DEROGATION OF SYSTEM SAFETY.

THE FY 1989 PROGRAM PROVIDES FOR THE ADDITION OF 300 AVIATION INSPECTORS AND 100 SUPPORT PERSONNEL TO PERFORM CRITICAL SAFETY INSPECTIONS AND SURVEILLANCE REQUIRED TO MAINTAIN SAFE AIR COMMERCE. FIFTY POSITIONS ARE REQUESTED FOR AVIATION SECURITY PERSONNEL TO ENHANCE DOMESTIC CIVIL AVIATION SECURITY PROGRAMS AS WELL AS TO SUPPORT FOREIGN AIRPORT ASSESSMENTS AND FEDERAL AIR MARSHAL MISSIONS.

BECAUSE FY 1989 WILL BE A YEAR OF INTENSE CONTRACT MANAGEMENT ACTIVITY IN THE IMPLEMENTATION OF THE NATIONAL AIRSPACE SYSTEM PLAN BY BOTH WASHINGTON HEADQUARTERS AND REGIONAL OFFICE LOGISTICS PERSONNEL, 70 POSITIONS ARE BEING REQUESTED IN SUPPORT OF THE LOGISTICS FUNCTION.

AN INCREASE OF 50 POSITIONS FOR ENFORCEMENT ATTORNEYS, FINANCIAL MANAGEMENT SPECIALISTS AND SUPPORT PERSONNEL IS REQUIRED TO ADEQUATELY SUPPORT THE INCREASED EMPHASIS ON THE AGENCY'S SAFETY MISSION.

AN INCREASE OF 47 HUMAN RESOURCES POSITIONS IS REQUESTED. THESE POSITIONS WILL ALLOW US TO SUPPORT A NUMBER OF HIGH-PAYOFF PROGRAMS THAT HAVE BEEN PILOT TESTED AND ARE READY TO BE EXPANDED NATIONWIDE, INCLUDING THE SUPERVISORY IDENTIFICATION AND DEVELOPMENT PROGRAM, THE EMPLOYEE ASSISTANCE PROGRAM, AND THE EMPLOYEE INVOLVEMENT PROGRAM.

THESE POSITIONS WILL ALSO PROVIDE SUPPORT FOR AN EXPECTED INCREASE IN OUR LABOR RELATIONS ACTIVITY DUE TO THE RECENT ELECTION OF A NEW CONTROLLER UNION.

LET ME ADD HERE THAT THE FAA HAS NOW GONE FOR SEVERAL YEARS INCREASING THE "LINE ORGANIZATION" SIZE AND DECREASING THE NUMBER OF PEOPLE IN THE RELATED SUPPORT ORGANIZATIONS. THE TIME HAS COME TO RECOGNIZE THAT THESE SUPPORT GROUPS NOW NEED TO BE INCREASED TO ADEQUATELY HANDLE THE CONTROLLER, TECHNICAL AND SAFETY INSPECTOR EXPANSIONS. THE NUMBERS OF ADDITIONAL LOGISTICS, ATTORNEY, FINANCIAL, AND HUMAN RESOURCE POSITIONS ARE MODEST CONSIDERING THE WORKLOAD NOW UPON US.

AS PART OF MY IMPACT 88 INITIATIVES, I AM COMMITTED TO ENHANCING THE FAA'S INTERNAL AND EXTERNAL EFFECTIVENESS. THE BUDGET ALSO CONTAINS AN INITIATIVE TO INTRODUCE STATE-OF-THE-ART SIMULATORS AND RELATED TRAINING SYSTEMS TO IMPROVE THE EFFICIENCY AND EFFECTIVENESS OF OUR AIR TRAFFIC CONTROLLER TRAINING PROGRAM. BASED ON MY EXPERIENCE IN THE PRIVATE SECTOR, I AM CONVINCED THAT MAJOR ADVANCES ARE OBTAINABLE. OUR PROCEDURES WORK WELL TODAY, BUT COULD BE MUCH MORE MODERN AND EFFICIENT. IT WILL TAKE THE ADDITIONAL RESOURCES REQUESTED TO DO THIS; HOWEVER, WE CAN'T SUSPEND ON-GOING TRAINING WHILE WE WAIT FOR NEW TECHNIQUES AND SIMULATORS.

HEADQUARTERS ADMINISTRATION

THE HEADQUARTERS ADMINISTRATION REQUEST FOR $37 MILLION, A 4.5 PERCENT INCREASE OVER FY 1988, WILL SUPPORT THE CENTRALIZED PLANNING AND MANAGEMENT FUNCTIONS AT OUR WASHINGTON HEADQUARTERS LOCATION. AS JUST DISCUSSED IN THE OPERATIONS AREA, INCREASES IN SUPPORT PEOPLE ARE MANDATORY TO ACCOMMODATE THE LINE ORGANIZATION EXPANSION. THIS HEADQUARTERS ADMINISTRATION REQUEST MEETS THIS NEED.

GRANTS-IN-AID FOR AIRPORTS
(AIRPORT AND AIRWAY TRUST FUND)

THIS BUDGET PROPOSES AN OBLIGATIONAL LEVEL OF $1,200 MILLION FOR AIRPORT GRANTS WITH EMPHASIS ON CAPACITY, SAFETY, AND SECURITY NEEDS. THIS IS A 5 PERCENT DECREASE FROM FISCAL YEAR 1988. THIS IS THE HIGHEST OBLIGATION LEVEL THAT THE ADMINISTRATION HAS EVER REQUESTED FOR AIRPORT GRANTS. DURING FISCAL YEAR 1988, THE REGIONAL OFFICES WILL BE INSTRUCTED TO DIRECT FUNDS TO HIGH PRIORITY PROJECTS, CONSISTENT WITH THE CHANGES TO THE PROGRAM INCLUDED IN THE 1987 AUTHORIZING LEGISLATION.

FACILITIES AND EQUIPMENT
(AIRPORT AND AIRWAY TRUST FUND)

BEFORE I TOUCH ON SOME OF THE HIGHLIGHTS OF OUR FACILITIES AND EQUIPMENT BUDGET REQUEST, PERMIT ME TO GIVE YOU MY PERSONAL ASSESSMENT OF WHERE WE ARE GOING AND TO COMMENT ON SOME OF THE CHANGES THAT I AM MAKING TO OUR CAPITAL INVESTMENT PLANS.

FIRST, LET ME DISTINGUISH BETWEEN THE NAS PLAN AND THE FACILITIES AND EQUIPMENT BUDGET. THE NAS PLAN IS COMPOSED OF TWO TYPES OF WORK: (1) MODERNIZATION OR REPLACEMENT OF TECHNOLOGICALLY OBSOLETE EQUIPMENT LIKE OUR ELDERLY ASR AIRPORT RADARS MODEL 5 AND 6; AND (2) THE INTRODUCTION OF NEW SYSTEMS THAT WOULD PROVIDE NEW CAPACITY AND NEW SAFETY FEATURES TO THE AIR TRAFFIC CONTROL SYSTEM. THE FAA HAS ABOUT THE LARGEST PHYSICAL PLANT OF ANY AGENCY IN GOVERNMENT. WE WILL ALWAYS NEED TO MODERNIZE AND REPLACE EQUIPMENT LIKE RADARS, COMPUTERS AND RADIO COMMUNICATIONS GEAR. THUS, ABOUT HALF OF THE TYPE OF WORK THAT WE HAVE BEEN FUNDING UNDER THE NAS PLAN WILL CONTINUE INDEFINITELY UNDER THE F&E BUDGET. THERE IS A MISIMPRESSION THAT FAA INVESTMENT NEEDS WILL SOME HOW END IN THE 1990'S. NOW THAT OUR FISCAL PLANNING HORIZONS ARE POKING WELL INTO THE 1990'S, IT SHOULD COME AS NO SURPRISE THAT OUR F&E REQUIREMENTS WILL CONTINUE.

MY SECOND POINT IS THAT TODAY'S OPERATING ENVIRONMENT DIFFERS FROM THAT CONTEMPLATED IN 1981 WHEN THE NAS PLAN WAS INITIALLY FASHIONED. IN MANY LOCATIONS, TRAFFIC IS GROWING FASTER THAN WE EXPECTED, AND OUR EARLY SCHEDULE FORECASTS WERE, QUITE FRANKLY, UNDULY OPTIMISTIC. SEVERAL IMPORTANT SYSTEMS WILL TAKE LONGER TO IMPLEMENT THAN WE HAD ASSUMED. WE NOW FIND OURSELVES IN NEED OF EXTENDING THE LIFE AND CAPABILITY OF SEVERAL EXISTING SYSTEMS UNTIL THE ADVANCED AUTOMATION SYSTEMS COME ON LINE IN THE MID-1990'S. FOR THAT REASON I HAVE INCLUDED AN INTERIM SUPPORT PLAN IN THE F&E BUDGET FOR 1989. IT WILL EXPAND COMPUTER MEMORY IN SOME OF OUR TRACON'S. ANOTHER ASPECT THAT I PLACE SPECIAL PRIORITY ON IS THE NEED TO MAKE SURE WE HAVE PLANNED AND MADE BUDGET AND TRAINING ALLOWANCES FOR THE TRANSITION FROM OUR CURRENT EQUIPMENT TO OUR 1990'S ENVIRONMENT. WE--THE CONGRESS AND THE ADMINISTRATION--ARE GOING TO HAVE TO ADJUST OUR MINDSETS TO THE FACT THAT THE 1989 AND 1990 BUDGETS, ESPECIALLY FOR A TECHNOLOGICALLY AND PERSONNEL DEPENDENT AGENCY LIKE THE FAA, LAY THE FOUNDATION FOR A WHOLE NEW DECADE OF DRAMATIC CHANGE FOR US.

MR. CHAIRMAN, OUR F&E BUDGETS FOR THE NEXT SEVERAL YEARS WILL REQUIRE FUNDING LEVELS WELL ABOVE THE AVERAGE OF THE FIRST FIVE YEARS OF THE NAS PLAN--TO SUSTAIN THE PROGRAMS ALREADY UNDERWAY, TO PROVIDE FOR INTERIM EXPANSION OF EXISTING FACILITIES, TO LAUNCH DEPLOYMENT OF THE ADVANCED AUTOMATION SYSTEM, AND TO COVER THE TRANSITION COSTS INVOLVED.

OUR REQUEST FOR THE FACILITIES AND EQUIPMENT APPROPRIATION IS $1,600 MILLION, ALMOST A 45 PERCENT INCREASE OVER FY 1988. FY 1988 BEGAN THE SECOND FIVE-YEAR PHASE OF A PROGRAM TO ESSENTIALLY BUILD A NEW, MODERN AIR TRAFFIC CONTROL SYSTEM. DURING THE FIRST 5 YEARS, MOST PROJECTS WERE COMPLETED THROUGH THEIR DEVELOPMENT AND PRELIMINARY ENGINEERING STAGES AND ARE CURRENTLY IN PRODUCTION AND DELIVERY STAGES. THE FY 1989 BUDGET PROVIDES FOR FOLLOW-ON

PROCUREMENT AND CONTINUES FUNDING FOR THE MULTI-YEAR NAS PLAN TO UPDATE EXISTING OBSOLESCENT, LABOR-INTENSIVE FACILITIES WITH NEW, SOLID-STATE EQUIPMENT, AND TO PROVIDE NEW FACILITIES WITH EQUIPMENT CAPABLE OF HANDLING THE VOLUMES OF AIR TRAFFIC PREDICTED TO DEVELOP BY THE 1990'S.

SIGNIFICANT INVESTMENTS FOR MAJOR PROGRAMS ARE: ($ MILLIONS)

LONG RANGE RADAR (LRR)	$58
RADAR MICROWAVE LINK (RML) SYSTEM	41
EN ROUTE DOPPLER WEATHER RADAR	40
ADVANCED AUTOMATION SYSTEM (AAS)	212
RADIO CONTROL EQUIPMENT (RCE)	5
REPLACE OR MODERNIZE TERMINAL AIR TRAFFIC CONTROL FACILITIES	62
TERMINAL DOPPLER WEATHER RADAR (TDWR)	120
INTERIM SUPPORT PLAN	150
REMOTE MAINTENANCE MONITORING (RMM)	56
FLIGHT SERVICE STATIONS (FSS'S) AND ASSOCIATED PROGRAMS	52
SYSTEMS ENGINEERING AND INTEGRATION	106

RESEARCH, ENGINEERING AND DEVELOPMENT (AIRPORT AND AIRWAY TRUST FUND)

OUR FY 1989 REQUEST FOR THE RESEARCH, ENGINEERING AND DEVELOPMENT APPROPRIATION IS $155 MILLION, APPROXIMATELY A ONE PERCENT INCREASE OVER THE FY 1988 ENACTED LEVEL. THESE FUNDS ARE REQUESTED TO SUPPORT ATC AUTOMATION, AIRCRAFT SEPARATION, COMMUNICATIONS, NAVIGATION AND WEATHER INFORMATION SYSTEMS AND ENHANCEMENTS TO AIRPORT CAPACITY. IMPROVEMENTS WILL CONTINUE IN THE ENVIRONMENTAL EFFORTS AREA FOR AIR POLLUTION AND NOISE CONTROL RESEARCH; AIRCRAFT SAFETY RESEARCH AND FIRE SAFETY; WEAPONS AND EXPLOSIVES DETECTION.

THIS CONCLUDES MY STATEMENT, MR. CHAIRMAN. MY STAFF AND I ARE NOW PREPARED TO ANSWER QUESTIONS.

INCREASING AGENCY EFFECTIVENESS

Senator LAUTENBERG. I would ask, before I go into my questions, whether Senator Harkin, who has joined us, has a statement that he would like to insert.

Senator HARKIN. No.

Senator LAUTENBERG. Mr. McArtor, Secretary Burnley, as you said, apparently has concluded FAA ought to have its functions redistributed among other organizations. You have recently appointed a task force to assess the need for internal reforms at FAA.

Why go through this exercise, if the Secretary has already concluded that FAA is an experiment which has failed?

Mr. MCARTOR. Last summer, sir, when I came on board the FAA, I identified several areas that I thought needed to be developed to increase agency effectiveness.

In fact, agency effectiveness is one of the cornerstones of the Impact 88 Program. And within the authority that I have, we have literally dozens now of initiatives to try to improve agency effectiveness.

The Secretary now is coupling his authority with mine to try to develop even more aggressive areas where we can get better procurement, personnel, and funding initiatives under way, rather than wait for any legislative reform that will probably have to occur before major structural change of the FAA might occur.

So we have first the Impact 88 Program for agency effectiveness, we have the task force that is a joint task force between OST and the FAA to look at even more aggressive reform, and then we have a longer-term development plan to take a very serious look at the wisdom of pulling the operations part of the FAA outside the government while leaving the regulatory and enforcement process within.

Senator LAUTENBERG. You have not come to the conclusion, then, that FAA should be dismantled.

Mr. MCARTOR. Clearly, Secretary Burnley has established this as a direction, and I certainly support the Secretary in his desire to fully understand the ramifications of this.

As I mentioned in my——

Senator LAUTENBERG. How do you feel about it?

Mr. MCARTOR. Well, as I mentioned in my statement, there are an awful lot of operational issues that must be fully understood to go to the second, third, and fourth levels of detail to——

Senator LAUTENBERG. But do you start off by dismantling the agency and then fix it?

Mr. MCARTOR. I think we start off with the commitment that we now have to study this in depth. And I certainly support the Secretary in that regard.

Senator LAUTENBERG. Right. But would you hesitate at all to use the word "dismantle" before you study?

Mr. MCARTOR. Yes; I hesitate to use the word "dismantle" because I think that is an overstatement of what it is——

Senator LAUTENBERG. That is kind of terminal, is it not?

I, as you know—and we have had our private discussions—favor greater longevity for the Administrator. There is a continuity of management which cannot be achieved with such short terms of office. I do not mean to imply that the others who are career people who are there regularly are anything less than committed nor skilled. They are very hardworking people. I have gotten to meet many of your colleagues there, and I have a great deal of respect and admiration for the task, often thankless, that they undertake, but they recognize is so important.

How and whether we ought to totally remove FAA, and make it independent is now under review. I would like to see it run more like the board of a corporation with appointees coming from whoever the sitting President is, never enough to control it, but with a kind of career spot for the person who runs this mammoth organization with all of its requirements and responsibilities.

Mr. Burnett of the National Transportation Safety Board strongly opposes separating air traffic control from government control. He believes that air traffic operations and safety are too closely intertwined to be separated and assigned to different organizations. Certainly he disagrees with the dismantling concept that the Secretary has introduced.

I think that we have to kind of take a look at that. Mr. McArtor, in your budget projection, the uncommitted balance of the aviation trust fund will go from $5.98 billion at the end of fiscal year 1988 to $5.6 billion at the end of 1989. You have proposed language waiving the so-called penalty clause in the reauthorization enacted last session. Why do you recommend waiving that penalty clause?

TRUST FUND

Mr. McArtor. Mr. Chairman, the penalty clause certainly is well intentioned and is designed to encourage the spending of the moneys of the trust fund against the projects for which it was intended.

But it has a bit of a reverse effect in that having not spent the moneys as authorized, if we do not reach authorized levels and simply spend appropriated levels, the moneys still get spent but they get spent out of the general fund as opposed to the trust fund.

And this allows really an artificial rising of the balance in the trust fund, although the moneys get spent on FAA operations anyway.

So I think that although it is a well-intentioned clause, it maybe works against us.

Senator Lautenberg. What I am going to try and do is to use 10-minute cycles for questioning. If you would, in the 10 minutes until the light has gone off, explain the penalty clause. I will extend the same courtesy to my colleagues.

Mr. McArtor. Sir, this is, in a nutshell, if it could be oversimplified, is that if we are not spending the levels given to us by the authorization process, that we then take a penalty and that we cannot fund, or the operations that were to come out of the trust fund, we cannot fully fund them out of the trust fund and they must be paid for out of the general fund.

The money still gets spent. But it keeps us from spending it out of the trust fund. So that the impetus to try to spend trust fund moneys really does not achieve the purpose for which it was intended.

Senator Lautenberg. The only thing that I read out of your waiver suggestion is that we continue to let the balances build, believing that they will be required in the future. Is that what you are——

Mr. Stoer. Senator, basically what we have happening is a subsidy coming out of the general fund to take care of the cost of running the FAA.

I mean, the same amount of money will be spent in 1989 on the FAA to achieve all of our objectives, whether it is operations or facilities and equipment. But the problem is that a greater proportion of our budget is coming out of the general fund while this balance is accruing in the trust fund.

Senator Lautenberg. Would you recommend that we use some of the trust fund moneys for the operations?

Mr. STOER. That is the intent of the budget as submitted.

Senator LAUTENBERG. Thank you very much. I will turn now to Senator Kasten for his questions.

Senator KASTEN. Mr. Chairman, thank you. Mr. Chairman, we talked back and forth about the short-term. I hope you are not making any predictions on the Presidential elections. I think Mr. McArtor could well be here——

Senator LAUTENBERG. I do not think under a Democratic administration anyway. [Laughter.]

MODE C RULE

Senator KASTEN. Mr. McArtor, let me first of all ask you to explain briefly the issuance of the mode C proposed rule. And I noted with interest your choice of words, "some reassessment."

I believe the proposed rule goes way beyond the perhaps 180 airports, some of which could have been relatively easily or simply exempted, which Congress intended to address.

The expansion of the TCA's, the TRCA's, the ARSA's, to 92 miles in diameter is very controversial, and the setting of the 6,000-foot mode C floor is extreme.

When we were discussing 12, some people were thinking about going to 10. But no one was thinking about ending up at six, at least in the discussions we had. I was not in all of the detailed discussions, but I was aware of what was going on.

And further, even though the concept is congressionally mandated, I think that some kind of cost value has got to be assigned to the tremendous investments we are talking about.

Think about, for example, a very old aircraft, or maybe even an antique aircraft. There is a whole group out here in general aviation that, frankly, I think were not taken into consideration with this proposed rule.

Could you tell me a little bit about how we got to where we are?

Mr. MCARTOR. Yes, sir; thank you for the opportunity to further comment on that mode C rule.

We were directed, of course, by the Congress to develop a rule that would require mode C, the use of mode C altitude encoding transponders in all areas served by radar, if you will, if I may oversimplify.

We were under some very severe time constraints to get that rule on the streets so that we could have a final rule by the end of June, and hence we did put it out. We tried to put it out with as much responsiveness and literal interpretation as we felt the Congress had asked us to do.

Recognizing that, and because of the timeframe involved, we were only able to issue a 45-day comment period. My staff and myself felt that that was unrealistic and we have hence changed that and——

Senator KASTEN. A number of us kind of encouraged you to extend that time period also.

Mr. McArtor. With all respect, although the encouragement was in fact given, we had already determined that we needed to have more time, and we issued another 45 days for comment, and on a clean sheet of paper even that is probably too short a time for a rule of this magnitude.

Nevertheless, we do anticipate very seriously considering the comments that we are receiving, and that some reassessment of the geometries or the architecture of this rule will most likely occur.

But I think it is also fair to say that the mode C altitude encoding transponder is an important tool in our airspace to interface with not only the mode C intruder program, but the TCAS as well as our own ability to manage the airspace around busy metropolitan areas.

But, there is also a waiver process that will be introduced. There will not be any cropdusters that will not be able to fly. There will be provisions made for sport and aerobatic flying.

I think that the flying public, once they understand how this rule will be actually implemented in the airspace, will find it much less restrictive than they perhaps do right now.

It is true that if the rule were to be implemented as the notice went out, in order to encourage comments, it would I think have exceeded what I believe to be a fair and balanced rule at this particular time.

Senator Kasten. I am pleased you extended the time period, and I am pleased that you did it on your own. It shows that we are all trying to go in the same direction.

But I hope that your wording, your prepared statement, that some reassessment is an understatement in the extreme. And that we are going to have a chance to, No. 1, get a lot of input and understanding from some of these groups, many of whom I think can be accommodated without any significant effect on the important safety aspects of what you are trying to do.

But at the same time, at least for one Senator who is involved in this question, I believe that the proposed rule goes significantly beyond the congressional intent. And I am hopeful that there will in fact be significant reassessment.

Mr. McArtor. Yes, sir; we are certainly being made aware of the Congress' feeling toward that same intent.

TRAINING

Senator Kasten. You were in the room, I assume, when we were talking earlier about this whole idea, to what degree we are overmanaging or micromanaging or forcing you to do different kinds of things.

And I think particularly in the area of personnel we have been looking at charts and saying, you are supposed to have gotten to so many people and you only have 10 percent less than that and therefore train them faster.

And you cannot train them faster because you do not have instructors, so then we mandate instructors, and the whole different process.

And as I said earlier, I am happy that Herb is sitting here at this table because he has been through these things more often than I have, because he is having to do it in front of, this whole routine in front of the House as well as the Senate. At least I only have to do it in the Senate.

But to what degree can you solve a lot of this problem by simply contracting it out, by doing it in the private sector?

The answer that the GAO individual gave earlier was that if it is going to be something we are only going to be doing for 2 or 3 or 4 years, then let us just go out and find people who know how to do it already and know how to do it well, hire them to do it, get it done.

In other words, start thinking about the particular program or activity or accomplishment, as I am sure you did at Federal Express, as opposed to how many people it takes to do it or how many man-hours it takes to get it done. What we are trying to do is just get it done.

Could you expand on this a little bit? I know that Jim Burnley is interested in moving in this direction also. But this could be the way out of an awful lot of these bottlenecks that have been so frustrating to your agency.

Mr. McArtor. We certainly support the theory that the organic resources that we have within the FAA should be leveraged by contractors in the private sector where necessary, particularly when you have a search condition.

Now, this goes for not only, you know, lower-level control towers, but particularly in the airway facilities area where you are involved in a search type of activity, in integration and implementation of programs, where you would contract out and leverage your own resources with the private sector, to get a specific amount of work done and then be able to fall back to your organic resources.

So on almost all fronts, we are either right now pursuing a strategy or investigating a strategy of leveraging our own resources with the outside.

Senator Kasten. In some of these cases, it would seem to me that you could get the job done in roughly the same amount of time that you could train people to try to learn how to do it.

There is just a tremendous advantage to finding people who know how to do it, rather than start all this. It is like pushing a wet noodle. It is hard to do. And we have been force feeding, as the chairman said, on all these different kinds of levels.

I think that if we can all work together on finding people that already know how to do it, having the job with a beginning, a middle, and an end, a deadline and a specific fixed-price contract or whatever it might be, that you could work your way out of a whole lot of these little kind of bottlenecks and dislocations that are every step of the way in terms of this process.

So I will yield back the balance of my time, Mr. Chairman, with saying that I look forward to working with you and with you, Mr. Chairman, to try to work our way through these bottlenecks.

We have not been aggressive in this area before, and maybe this is the answer.

Senator LAUTENBERG. Thank you very much, Senator Kasten. We are aware of your interest in the aviation system. It is a very positive influence, as questions are asked, to have a chance for this kind of review. We thank you for your participation.

MODE C

Senator HARKIN. Thank you, Mr. Chairman. I just wanted to follow up on what Senator Kasten raised on the mode C issue that is coming up.

I think all of us who live in rural areas and sparsely populated states are very concerned about this now. I agree with you, as a pilot for some 25, 26 years now, that altitude encoding is essential. In the airways system, heavily populated areas, absolutely.

I do not know of any rational pilot who would not think that. But there has to be some consideration, some leeway given to the pilots who maybe are out flying but are not perhaps going to enter that airway system in any way, they are not going to do any IFR work.

They are out for a Sunday afternoon, they are out flying at 1,500 or 1,000 feet, looking at the countryside. They may have a J–3 Cub or something like that.

And that 40-mile radius is just, when you look at a sectional, an Iowa sectional for example, I mean, a 40-mile radius around Sioux City, I mean my goodness, you are talking about Lamar, Orange City, Cherokee, Vermillion, SD. You really encompass a lot of small airports out there, 40 miles out and coming into Sioux City. That really would be way too burdensome.

I might also point out that Iowa has the, every year we have the annual hot air balloon championship races, contests, I guess, in Iowa. That would prohibit that, because where they are held is within 40 miles of the Des Moines airport.

But there has never been any problem, no near-misses, nothing like that. I do not know how you get a mode C transponder on a hot air balloon.

Mr. MCARTOR. That hot air balloon race is fully coordinated with the FAA right now. It will be in the future, and there will be no prohibition against having those hot air balloon races in the future, sir.

Senator LAUTENBERG. There is no restriction on hot air here. [Laughter.]

Mr. MCARTOR. No, sir; in fact, the FAA will have provision to adjust to and grant waivers to this mode C rule for precisely those kinds of activities. And I do not want the flying public, the soaring society, or the hot air balloonists to think that we are going to impose unnecessary restrictions to them.

By the same token, we do have to recognize that flying in and around a busy metropolitan area served by radar control, we have to be mindful of all pilots and all passengers and try to use the mode C transponder with certain reasoned discretion.

Senator LAUTENBERG. Could I interject? I want to ask Senator Harkin, because he is a pilot, and I respect his views, if we had the appropriate exemption, let us say, for nonelectric system airplanes, antiques, motorless gliders, et cetera, do you see any harm in having the rest of that fleet—despite the fact of the cost, and maybe we ought to think through a way to deal with that—do you see any harm in asking that all aircraft be equipped with mode C transponders?

Senator HARKIN. Well, let me just deflect that or approach it from a different standpoint, that I think perhaps some kind of the old inverted wedding cake type of a system where if you are below 1,000 feet, below 1,500 feet, outside of a certain radius of a traffic control area, that you would not have to have mode C.

But if you were to pop up above that, you would have to have mode C, above 1,500 feet or something like that, within a certain radius. And you would actually build that out. I mean, for example, beyond 40 miles I could see saying mode C above 2,500 feet, or above 3,000 or 4,000, somewhere in there, you could do that.

Then as you got closer to the radar area, you could lower that ceiling down, and then say, sure. And when you are in that area, when you are within perhaps the 10-mile area or something like that, then from the ground up you might have to have a mode C or something like that. I could see that kind of a system working.

Senator LAUTENBERG. It seems that many recreational flyers, students, et cetera, make errors and they get up beyond their prescribed altitude and sometimes weather forces the commercial aviation to reduce their altitude.

Now, I realize there is some cost and inconvenience involved. And we do not want to destroy the interest or the opportunities that general aviation represents. But as the Administrator said, as much as possible, we would like to make it safe. And again, forgive me, I will not take away from your time.

Senator HARKIN. I would not fly an airplane without mode C. Well, that is going a bit far. I mean, out in Iowa if I was hopping around a little bit.

But if I was flying from one airport to another, I mean, I like it, I need that as a protection for me. I love it when they call up and they say, we have got you and you are at 5,000 feet. That is a nice feeling to know that they have got you there.

But again, we just have so many pilots here, and as I say in these rural areas out there, they really hardly ever, ever, ever enter the system. They are out there and that 40-mile radius would be an undue hardship on them, I can tell you. Undue hardship.

I guess I am just following up on Senator Kasten's statement, question, this is a proposed rule. There is a great sense among a lot of pilots in Iowa and other places, this rule is too onerous.

You said that the restructuring of the geometry is likely, in your comment. I just wrote that down. I think that is close to what you said.

Would there be opportunities for comments and stuff after that? I mean, you are not going to promulgate a final rule, are you, based right after the June, is it June deadline?

Mr. McArtor. Senator, we are obligated to issue a final rule by June 30, and we believe that we can by that time.

But certainly any comments that come in, regardless of whether it is within the allotted time or not, we seriously consider comments at any time. And we are very, very seriously considering the comments that we are now receiving during this period of public comment.

Senator Harkin. As I said, I am not opposed to what you are seeking to do. I just think that initial proposed rule would have a pretty bad economic impact as well as its impact on flying in a lot of rural areas.

I will look with interest——

Mr. McArtor. To remind you, 5 percent of the Department of Transportation's budget is being withheld until such time as a final rule is issued on a date certain. So we are under obviously some encouragement to get the rule out on time.

But I think that we will be able to do so with a rule that is satisfactory to all aviation users, and the Congress as well.

TCAS II

Senator Harkin. Thank you. The only other thing I would have to raise is something that carried over from when I was on the House side.

I just do not know where we are on this right now, and I do not want you to get into a long dissertation on it. But what is the latest with collision avoidance?

Mr. McArtor. As a matter of fact, coincidentally, I flew the TCAS airplane this week, earlier in the week, and was most impressed, up in Atlantic City.

And we ran about 10 different intercepts, and even had some unscheduled warnings, if you will, with actual air traffic that was in the area. We are developing a final rule with respect to TCAS right now. That rule will be finished later in the year.

It is our anticipation that following the publishing of that rule, there would be about a 3-year configuration period for domestic air carriers, and most likely an additional year for international carriers, to configure with the TCAS II technology.

It is important that we get on with TCAS II. But I have asked for an acceleration of the TCAS III development by a full fiscal year, to get on with the flight test program for that.

It is also our hope and intent that we will be able to have a TCAS II system that will be upgradable to the TCAS III.

Senator Harkin. When do you see this coming? When would there be requirements for TCAS-equipped aircraft? How long are we looking in the future?

Mr. McArtor. Well, it would be required, actually some are being configured with TCAS right now. Piedmont is already committed to configure its fleet with TCAS. They were one of our test airlines and United is doing their test program beginning right now.

As soon as the final rule would be issued, though, fleets would begin to be configured with a deadline of 3 years, once the final rule is out, that they all have to be configured by that time. This is the domestic fleet.

That TCAS system, of course, not only interacts with other TCAS aircraft, but with any mode C altitude encoding transponder aircraft.

Mr. BRODERICK. Let me just say our present plan, sir, is that by, in accordance with some legislation, December 30, 1991, I think is the exact day, all aircraft of a large type, more than 30 seats, operating in U.S. airspace would have TCAS.

That rule should be out by late fall. And we do have comments on differences between domestic and foreign aircraft. We have not made that final regulatory decision yet.

CABIN SAFETY AND PASSENGER EVACUATION

Senator HARKIN. An incident happened the other day that brought back a project again that carried over from my House days, that then-Congressman Levitas had worked on for so long, and that is the aspect of flammable materials in aircraft.

I just happened to, I heard and then read the story there was an aircraft, passenger craft, I forget what city it was in now, that a fire started in the air conditioning system. And smoke filled the aircraft, still obviously sitting on the ground, it was sitting on the ground.

And evidently it took an inordinately long time to get the people out of the aircraft. There was confusion, small amount of panic. The emergency door, they could not get the emergency door open.

Again, it just brought back the old battles we used to have on aircraft fires and the procedures in making sure that not only did it have good procedures but trying to address that problem of fire in aircraft.

It just brought that home to me again. I do not really have a question on it, other than I do not think we have ever fully addressed that problem.

Mr. MCARTOR. Senator, I would like to simply say that that is an extremely high priority with us at the FAA right now.

Several major improvements have been made to cabin safety and passenger evacuation, including exit row lighting, the design of doors, the inflation reliability of the chutes, the design of the chutes themselves to be fire-resistant.

I just made a major decision the other day with respect to escape doors, cabin doors on the Boeing 747 aircraft. We are forming a standing committee, a task force, to investigate all cabin evacuation and cabin safety issues.

And we have passed rules for fire blocking of passenger seats. We have rules being developed right now for other materials within the cabin area. So we are very aggressively pursuing, we believe, all aspects of cabin safety.

ESCAPE EXITS

Senator HARKIN. Well, would you look into one thing for me and report back?

Now, maybe it is my imagination. I do not think so. It used to always occur to me that when I flew on the 727, DC–9, whatever it might be, that at the exit window, usually there are two exit windows over the wing on both sides. There used to be a wide aisle there, wide space. We used to always like to get that seat, because it was nice and wide, you could stretch your feet out.

I have noticed lately, in fact I asked someone one time, I got on and I noticed that those were now closed up. And they said, oh yes, they put more seats on the aircraft. And they have closed those up.

I wonder if you would look into that for me and find out if indeed there has been any change in the airlines' procedure of having a wide aisle. I do not know whether that was a rule before, or whether they just did it. But it seems to me now those spaces have closed up.

Again, if you are trying to get to an exit window, if you have a space there that you can walk through and get to the window, it is much more conducive to rapid exit. But if you have the seats in close so you have to climb over seats and everything, it makes it pretty difficult.

Mr. MCARTOR. Yes, sir; your point is well taken. There are literally hundreds of different kinds of cabin interior designs in our air carriers, beginning where the galleys are and the lavs and different kinds of seats and classification of seats.

There is also several different classifications of escape exits, different hatches, different door designs, and those kinds of things. Each escape exit in a cabin conforms to a certain standard, and none would be allowed to operate unless it conformed to the specific standard for which it was——

Senator HARKIN. Maybe that standard ought to be looked at.

Mr. MCARTOR. Yes, sir; I certainly will look at that and——

Senator HARKIN. Look at that standard and see, I would like to know what that standard is for those over-the-wing exits and whether or not there ought to be some space there, some certain amount of space so you can get——

Mr. MCARTOR. I will be pleased to do that.

[This information will be provided for the committee's use at a later date.]

Senator HARKIN. Thank you very much. Thank you, Mr. Chairman.

FULL PERFORMANCE LEVEL CONTROLLERS

Senator LAUTENBERG. Thank you very much, Senator Harkin. Mr. McArtor, we have had a running debate since I have been here about the number of controllers that are in place, and that are expected to be in place.

You heard GAO's comments and I assume you heard mine as well. Last June the Department testified that you plan to have at least 10,000 FPL's by the end of this fiscal year, we are talking about September 30.

Your justification, however, estimates now that you will have 9,932 FPL's by year's end. On October 31, 1987, the Department had 9,055 FPL's on board. In February, roughly 4 months later, you had 8,900 FPL's. I am rounding off here.

You are going to have to add, as I look at the arithmetic, over 1,000 full performance level controllers within the next 8 months. Does that sound right in terms of the calculations?

Mr. McArtor. If we were able to meet those targets, that is exactly what we would have to add, sir.

Senator Lautenberg. You have lost 151 FPL's since last October. What is the principal reason?

Mr. McArtor. We have, of course, retirees that account for some loss of FPL's.

The other is when we move controllers from one facility to another, and if they were an FPL in one facility, they lose the FPL status for our reporting process until they are retrained and requalified as an FPL in the new facility.

And of course we have a great deal of movement within the controller work force as we move controllers to the areas that we need them.

We will make our total number targets for this year. But my estimate is it will be about 500 short on the FPL targets. But we know that that is going to happen. We could probably keep FPL's at their current facilities just to meet that target, but that would keep us from being able to react to our operational mission effectively. So we are continuing to move them to where we need them.

Senator Lautenberg. It is my understanding that they are hard to move because there is an unfair burden imposed on someone who goes from a relatively quiet or rural area into a metropolitan area in terms of cost of living, and that the ability to move people is considerably restricted as a result of that. So how do we square the notion that movement is changing FPL status, and therefore changing the figures? I mean, an FPL is an FPL is an FPL.

Mr. McArtor. Well, no sir——

Senator Lautenberg. If they meet the FPL standard for a smaller, quieter center—let us change it.

If someone goes from Boston to New York, from Logan down to LaGuardia or Kennedy, do they carry the FPL status with them?

Mr. McArtor. No, sir; not until they are retrained and requalified as an FPL, which takes time to do at the new facility.

So they drop out of the FPL totals until they are then once again an FPL. And that is part of the phenomenon that causes us to be behind there a little bit.

But I think, in fairness to your inquiry, we do need to figure out a way to get FPL's qualified at a more rapid rate. And that is why we are working so very, very hard, developing a better way to train air traffic controllers, using simulation, simulators, like we do so effectively with pilots, so that we can compress that time it takes to train a full performance level controller.

Senator LAUTENBERG. OK. Then, it is not just a technicality. I assume you are not changing the rule that says when a person is moved you do not want to abolish that training cycle they go through to regain FPL status. Do you?

Mr. MCARTOR. I beg your pardon, sir?

Senator LAUTENBERG. You do not want to abolish the onsite training cycle.

Mr. MCARTOR. No.

Senator LAUTENBERG. Then I think we ought to square away the language difference here, and say technically that an FPL is not an FPL when they have moved into a new center, if they still have a training phase to go through.

Mr. MCARTOR. We have 1,160 FPL's right now in the system that have been dropped from that total until they become recurrent in their new facility.

Senator LAUTENBERG. Right. So they are not either technically or functionally FPL's.

Mr. MCARTOR. Correct.

Senator LAUTENBERG. OK. Now, you said that you think you will be able to add the 1,025 required in 8 months?

Mr. MCARTOR. No, sir; I said, if we were to make our targets, your observation would be absolutely correct. We would have to add 1,000. We will not do that.

Senator LAUTENBERG. What do you think you will be able to do then?

MILITARY CONTROLLERS

Mr. MCARTOR. I think at the year's end we will be about 500 short of our target. And the reason I say about is that we have been fortunate to be able to hire a few hundred military controllers who are part of an early-out program in the Air Force and the Navy, who bring to us higher skill levels and more compressed training time.

So we expect that some of them may be able to contribute to the FPL status within this fiscal year. If that is the case, we could get a boost on the FPL's. But we will still be short of those targets.

Senator LAUTENBERG. That objective, this is a serious objective that you support, right? I mean, if we could have the 1,000 you would like to have them?

Mr. MCARTOR. Oh, without question.

Senator LAUTENBERG. So the system will be still somewhat short of capacity as a result.

You are requesting an increase of $6 million, roughly 34 percent, for contract training at the centers. I assume that this additional training will speed up the production of FPL's at the centers. How much time will be saved, and will you have improved efficiency as a result of that?

Mr. MCARTOR. It takes us on average we say 3 or more years, to train an FPL?

Mr. POTTS. It can be 1 year or as many as 2 years and 2 days, and that is based primarily on the OPM promotion restriction.

Mr. McArtor. But it takes us a substantial amount of time to train an FPL.

If we were to have a training program that would feature simulation, it is my target although I think maybe it is a little more aggressive than some think. But I do not see why we could not have an FPL fully trained in a year's time, if we had a good simulated based training program and fully utilize computer base instruction and those kinds of things.

Senator Lautenberg. Centers are busier places, I am told, than the towers in many cases. Is that——

Mr. McArtor. Busier, sir?

Senator Lautenberg. Yes.

Mr. McArtor. Well, there are different——

Senator Lautenberg. En route centers, some of them are super-busy.

Mr. McArtor. There is no question we have different skill levels required at towers, TRACON's, and en route centers.

They are all part of the air traffic controller work force, of course. But they are different.

TRAINING SIMULATORS

Senator Lautenberg. The simulators, however, are only requested for tower training. Is that correct?

Mr. McArtor. Negative, sir. We are going to be trying to develop a simulation-based training and curricula for not only tower cab simulation, full tower cab simulation, but all radar, be it TRACON or en route centers.

We do not have that program right now. We are using some site-specific training on simulation now. It has been very, very effective, and we are developing some very exciting programs up at the tech center.

That leads us to believe that we are on the right track for pursuing very aggressively these kinds of training programs.

Senator Lautenberg. But the towers were the first to have simulators available. It just worked that way, or, if there is a volume of traffic that is fairly heavy, en route, TRACON, et cetera, I am just curious as to why——

Mr. McArtor. We do not really have simulation in the tower, simulated tower training right now, certainly not the extent that we would like to.

We are going to be developing full tower cab simulation with optics where we can train people in a tower environment.

Our training problem is not as severe in the tower cab environment as it is on the radar aspect of air traffic control.

Senator Lautenberg. Right. So, therefore, wouldn't the focus be to get the simulator training in the TRACON?

Mr. McArtor. Oh, it is. That is precisely our focus.

Senator Lautenberg. So that the simulator training that will be available will first be available for the en route centers and TRACON's?

Mr. McArtor. That is correct.

FPL MILITARY CONTROLLERS

Senator LAUTENBERG. You indicate that during the fiscal year you expect a higher, up to 600 controllers being released by DOD, because of their budget cutbacks. How long will it take to get them up to FPL status?

Mr. MCARTOR. Well, we are a bit trapped by our own personnel regulations here in that by definition, they come on for instance at a GS-9 level.

We have, our FPL's are at different GS levels, and our personnel requirements are that you have to have time in grade of a year or perhaps 2 years to move up the ranks.

I think without that restriction, they would, from an operational sense, be able to be an FPL, say, within a 6-month to a year period. But from the personnel procedural sense, it could be a year or 2 years.

Senator LAUTENBERG. Is there any basis for rewriting the spec including that contingency?

Mr. MCARTOR. Yes, sir.

Senator LAUTENBERG. If they are fully trainable in a shorter period of time——

Mr. MCARTOR. We have several things that we are working with the Office of Personnel Management right now to try to extricate ourselves from the standard civil service rules and regs.

That is part of this effort that we have in keeping with the Department of Transportation, to try to take some of those barriers that we have right now that are simply inappropriate to our air traffic control work force and try to remove those barriers.

Senator LAUTENBERG. You have heard this song before. But I think that somewhere out there lies a pool of talent, already sufficiently punished for their misdeeds, who could add a notch of capability to the system, get us out of this continuous bind that we have.

And as you know there was a bill that passed the House yesterday to rehire, let me add my language, selectively, those people who could be of value to the system. I am considering something over here.

I have long been an advocate of not rewarding those people for their illegal strike. They have been punished for that. But rather to reward the American traveler, aviation passenger, as much as we can with the safety additions that qualified controllers bring. I am not going to ask your opinion, because I know it has been the opinion of this administration that the punishment has to continue because of a morale factor.

It is purported in the FAA, when the recent union formed it was not because of excessively high morale, that they did not need a fraternity there. They did it because people were generally under stress, demoralized, unhappy with the working conditions. And especially in view of the collapse of PATCO, that they came back and formed a union suggests that conditions were not as they should have been.

So there was a morale factor that needed bolstering there already. And I hope that we will be able to get your cooperation at some point along the way, to get the system up to date. If DOD has the people, terrific. But I do not know that that is a continuing supply either of people for the future.

ADVANCED AUTOMATION SYSTEM

GAO said that your evaluation of facility consolidation alternatives was too limited, that there could be better ways of implementing the AAS system than FAA looked at. Why is that the case? Why are they making their recommendation?

Mr. McARTOR. Well, I certainly respect the GAO's report, and quite frankly I would like to compliment the GAO on what I consider to be a very, very thoughtful and informative testimony and report.

But I also have to respectfully submit that I personally, as a matter of fact, over the last 6 months have been involved in several very intense work groups, discussing the consolidation issue and the implementation of the Advanced Automation System.

And I think perhaps it is too broad a statement to say that we have not adequately considered this. But we are developing in the Advanced Automation System and the so-called consolidation strategy, several building blocks which will give us the flexibility to adjust to the operating environment as it may exist in the mid-1990's and on into the next century.

I think it would be very presumptuous of any of us to try to crystal ball precisely what the operating environment might look like. So we have to be able to develop the capability to both consolidate and nonconsolidate, and we have that flexibility being developed right now in the AAS, and that will be a part of our strategy in the future.

Senator LAUTENBERG. Your request, however, is based not on the further review, but on the notion that consolidation will have taken place. Is that correct?

Mr. McARTOR. Well, certainly we need to get under way with the advanced automation contract.

And so it is our intent to begin the AAS contract but to leave the specifics of procurement in the outyears for those outyear consolidation decisions.

We fully intend to create advanced automation facilities at the current en route centers. As part of our transition to the AAS, we need to develop some consolidated TRACON's as part of our interim support plan.

We are trying to be as flexible as we can with the AAS procurement to give us the building blocks that we will need in the future.

We are also establishing more testing requirements so that we can be assured that these building blocks will provide us with what we need.

Senator, may I have Mr. Pozesky comment on that?

Senator LAUTENBERG. Sure.

Mr. POZESKY. Let me add to that, Senator, that we have structured the AAS RFP in a way which protects a wide range of consolidation options.

We do not have to make a final decision now. We will be making decisions over the next several years on the degree of consolidation, and I think the key point, as pointed out by the GAO, was that the AAS procurement, that the hardware, that the technical design be structured so that you can accommodate a range of options.

We have done that. And so we see that going on with the AAS program will accommodate any reasonable options we will come up with in the future.

Senator LAUTENBERG. Well, what do you think of GAO's recommendation that the AAS contract be modified before further awards to permit FAA to undertake a more limited consolidation of air traffic facilities?

Mr. POZESKY. Senator, we agree with it. We are in the process of taking the action to make the change in the RFP.

Senator LAUTENBERG. So you are asking for RFP's, but you are not issuing contracts?

Mr. MCARTOR. The contract will be initiated in the latter part of the summer, and that will be a feature of that contract.

We agree with the GAO that that kind of flexibility needs to be included.

Senator LAUTENBERG. OK. I just want to make sure that we cover the ground on which we will be submitting questions to you for the record. We are going to ask for your response.

FAA INSPECTORS

Jim Burnett, NTSB, under the subject of surveillance and inspection, said that there needs to be a much more aggressive approach to surveillance as well as more comprehensive coverage in today's environment. Safe maintenance operations cost money and carriers may be tempted to cut corners in the competitive market. That is no surprise.

He said, in effect, that FAA's inspectors were in bed with the industry before Secretary Dole initiated her safety task force review. How do you respond to these criticisms? Do you think it takes, as Burnley has suggested, a cattle prod to get FAA to make the needed changes? I cannot imagine you would agree.

Mr. MCARTOR. No, sir; and I think that the statement of being in bed with the industry is a bit of an overstatement.

Clearly the initiatives that Administrator Engen furthered with the support of Secretary Dole got the attention of the industry, with some very dramatic fines and enforcement programs.

It certainly reversed what may have been emerging as a trend of carriers that may have been tempted anyway to pick the pocket of the maintenance program to gain some competitive advantage in a deregulated environment.

Now, we are continuing a very aggressive surveillance and inspection program, as much or more so than ever before. But we are adding a new dimension to that as well, because I am absolutely convinced that we cannot inspect end safety in this system.

So we are creating a self-audit and reporting program that will be mandatory, probably by the end of this calendar year, with the air carriers that will require them to self-audit and to report on a quarterly and annual basis their compliance with the FAA approved maintenance and operations program.

MLS PROGRAM

Senator LAUTENBERG. I want to just ask you a question, because I am not sure that it is in the volume of the things that we have heard today.

What is the status of the MLS systems? Are more being ordered? Have we stopped?

Mr. MCARTOR. The MLS program, the contract that was awarded to Hazeltine, is about 2½ years behind.

There is no question that that is literally a program embarrassment to us. We regret that that contract was allowed to be so late.

Nevertheless, one of the reasons that I went to the tech center this week is to examine the MLS that had been delivered, is radiating onsite, and to discuss with them whether they felt that the technical risks were no longer viable and that we were simply having to absorb the program risk.

They feel at least at this stage that the technical risks are behind us, and that we are in essence caught up with the program, albeit late.

The MLS strategy of this country, though, needs to be fully developed in that we have an obligation to continue to try to develop the MLS and the CAT–II, CAT–III capability. The MLS is a superior technology for precision approaches, and we need to continue with its development.

We will be implementing the first buy in fiscal year 1989. We have included funds to actually demonstrate the three-dimensional approach capability and the CAT–II, CAT–III capability MLS.

Senator LAUTENBERG. It has been said that the MLS technology is interim, that there are likely possibilities of better designs, better approaches to the system than MLS provides.

Am I right? I am asking you that now as a professional.

Mr. MCARTOR. No, sir; we do not see that as an interim technology. There are those who would think that the global positioning satellite system would provide a precision approach.

While that may be, technically be able to be demonstrated, if you had access to what we will call the military accuracy of the GPS, to certify a system into civil use with the kinds of reliability and redundancy that we would require, would not likely be for really quite some time.

So the MLS technology, as we look at it, and I think as the industry looks at it, would certainly be the precision approach technology that would lead us into the next century.

MLS VERSUS ILS

Senator LAUTENBERG. I would appreciate it if you could survey some of the companies, the aviation companies, management, and report back to this committee.

[This survey will be done in the near future. Upon completion, the results will be forwarded to the committee for its use.]

Because the thing that occasioned my question was a meeting that I had just in the last few days with the heads of airlines. And a comment from one of them, and I do not want to misstate, was that the MLS technology was something that would outlive its usefulness before it was fully in place.

You have been in the industry and I am sure have a personal view that comes from your own experience. But if it is possible to talk to some of the people, we can do it directly or you can do it.

Mr. McArtor. Yes, sir; I would be glad to. Actually, when you are faced with avionics decisions for a large fleet of aircraft, nobody likes to reconfigure avionics, or particularly to carry dual avionics on board an aircraft.

So most of the carriers would tell you right now that they would prefer to stay with ILS. If you ask them what will be the precision approach equipment used in the 2010 or something, they will say, oh, that will be MLS. But they do not want to get there from here.

So we have to develop a transition strategy in this country to allow us to go to what is a more accurate signal, a lighter weight, cheaper, more reliable, easier to maintain, lower cost, less frequency-congested precision approach system.

Senator Lautenberg. The idea sounds good. Unfortunately, as you said, what we are faced with is an embarrassment in the development and delivery of the system. If you could get something for me that would incorporate your views with some of your former colleagues from the industry, I would appreciate it.

NOISE PROBLEMS

We talked on some occasions about the noise problems resulting from the expanded east coast plan, and you know there are a lot of very upset people in New Jersey. I know there are a lot of very upset people in New Jersey.

You have said that new noise is not necessarily bad noise. I do not think a lot of my neighbors agree with you. And something, we hope, will be done shortly.

When they appeared before this subcommittee last month, Secretary Burnley committed to exploring short-term solutions. But since that time you have said, and I quote you here, you could perhaps do some fine-tuning of flight patterns. What options are you looking at under that umbrella of fine-tuning?

Mr. McArtor. Yes, sir; by way of background, the expanded east coast plan, which has been rather successful over the past year in reducing delays on the eastern seaboard by some 40 percent, the final phase of the expanded east coast plan went into effect a couple of weeks ago.

Those resources, the manpower that we had against the implementation of that plan, are now available for us to go back, as we would always do, and reassess the effectiveness of that plan for air traffic control purposes and its impact on the ground environment as well.

The FAA does not wish to be viewed as insensitive to communities which are experiencing aircraft noise. Certainly my comment that new noise rather than a noise problem, or a bad noise, is meant to indicate that the acceptable standards that have been set for noise limits in and around airports are for that environment.

Those communities who now experience aircraft overflight certainly are well below those noise standards as established for the airport environment, but nevertheless are experiencing new noise.

And I do not think there is probably anything more personal to a community than noise of any kind, whether it is aircraft noise or anything else.

So we are going to try to be sensitive to that. But I think the fine-tuning that I mentioned would be the ability to adjust some of the fanning out of aircraft as they depart the greater New York area, which is a part of the expanded east coast plan, possibly some altitude changes, although it would not be probably very dramatic in that regard.

But those communities which are experiencing high-level aircraft for the first time will most likely continue to experience high-level aircraft, regardless of the fine-tuning that we might do.

Senator LAUTENBERG. When can we expect some of the fine-tuning to take place?

Mr. MCARTOR. We are beginning that process right now in balance, again, once again with trying to look at the ground impacts as well as the airspace impact of the expanded east coast plan.

There are some noise studies being implemented by the port authority up there. It will be about 6 months, I think. They will conclude their studies in about 6 months. We have run some computer simulations of that.

We are also developing some three-dimensional graphics that will help explain the expanded east coast plan and where some of these options might occur for fine-tuning.

We certainly are not going to wait for some event of some date to implement any fine-tuning. If we can do that we will do that on a day-to-day basis, as we are able to identify it.

Senator LAUTENBERG. If you could, I would ask you to try to get some input from the residents. Invite the communities to——

Mr. MCARTOR. We are working closely with the community groups.

Senator LAUTENBERG. Let them give you a report card on progress, if you would, and do not be afraid to bring it home.

Mr. MCARTOR. Sure.

Senator LAUTENBERG. I would like a full accounting for the record of what options are being considered as you consider them.

[The information follows:]

During Senate hearings chaired by Senator Lautenberg, Secretary Burnley testified that the FAA was working with the Port Authority of New York and New Jersey and the Attorney General's Office in New Jersey, to evaluate options to mitigate the noise resulting from the EECP. Only those options that preserve the substantial EECP delay reductions are to be considered for implementation.

The Port Authority has signed a contract with its noise consultant to obtain noise level data in several New Jersey communities. The first working group meeting was held in March with the Port Authority, their consultant, community representatives and the FAA. The meeting focused on structuring the noise measurements plan to ensure that the data collected will meet the needs of the several interests involved.

The noise data will be correlated with aircraft, flight tracks and flight profiles. Where noise problem areas are identified from the data, options will be developed and evaluated for their impact on delay and noise reduction.

The Attorney General's Office is also funding a small noise measurement program and its results will be provided to us.

ATLANTIC CITY INTERNATIONAL AIRPORT

Senator LAUTENBERG. We were together in Atlantic City last week, for the record not on the boardwalk, but at the airport. And something we are both interested in seeing is the development of the Atlantic City International Airport.

As you know, the legislation that Congressman Hughes and I introduced last August, to encourage that growth, has brought some very specific results. Communities have gotten together. They recognize it could have a very significant regional impact, and they are excited about the possibility.

Several weeks ago the state officials announced an agreement on a plan for a regional authority, and that is going to be taken to the state legislature.

Are you familiar with the agreement that they have developed?

Mr. MCARTOR. Sir, I am familiar enough to know that the regional authority concept to us is certainly a favorable program.

Senator LAUTENBERG. Well, our bill gave the FAA the responsibility to determine if that regional authority looked like it was workable, and whatever views you have to say beyond that, what you have just said, we would appreciate getting.

Once the details are worked out on the state and local level, would you be prepared to move quickly to approve the plan?

Mr. MCARTOR. Yes, sir; we will move with all dispatch. We consider that to be a high-priority activity. So we certainly would.

Senator LAUTENBERG. OK, well, we thank you very much, Mr. McArtor, and your colleagues. There is a lot of good work being done by you and your associates. And we respect it, we appreciate it. We challenge it because we have a responsibility to do that. We hope that as a result of those challenges that we improve the system, because auditing, as you know from your business life, is an integral part of the process of good management.

SUBMITTED QUESTIONS

[The following questions were not asked at the hearing but were submitted for response for the record:]

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

FAA WORK FORCES

CONTROLLER WORK FORCE/FPL'S

SENATOR LAUTENBERG: Last June, the department testified that you planned to have at least 10,000 FPL's by the end of this fiscal year. Your justification, however, estimates that you will have 9,932 FPL's by year end. On October 31, 1987, you had 9,055 FPL's on board. However, as of February 29, you had only 8,904 FPL's. This means you will have to add 1,025 FPL's within 8 months. Why do you estimate that there will be 162 fewer controllers in centers at the end of this fiscal year than there were at the beginning?

ANSWER: One of the problems in comparing FY 1987 and FY 1988 controller staffing levels is the change in definition of FPL controller and controller work force. Even so, the budget submission shows an increase in the number of FPL controllers between FY 1987 and FY 1988. Further increases are expected between FY 1988 and FY 1989.

We expect to achieve an increase in actual number of FPL controllers by the end of the fiscal year due to the seasonal pattern of retirements and the transfer of FPL controllers from low activity facilities to high level activity facilities. During the second half of the fiscal year retirements will be minimal and net production of FPL controllers will be accelerated.

The apparent decrease in expected FY 1989 center staffing is due to an actual onboard end of FY 1987 staffing level in excess of the planned level. FAA ended FY 1987 with some 200 controllers in excess of the planned staffing level.

SENATOR LAUTENBERG: Last year, Admiral Engen testified that, in his judgment FAA was "continuing to drive our people too hard, and that is a result of not having sufficient number (sic) of FPL's." At that time, you had about 9,600 FPL's under the old definition. Are we still driving our controllers too hard?

ANSWER: Under any definition we expect to have an increase in the number of FPL controllers. This will improve the situation.

SENATOR LAUTENBERG: Last year, GAO found a severe FPL shortage at the 43 largest, busiest air traffic facilities. In the aggregate, authorized FPL positions at those facilities totalled 6,311. GAO found there were only 3,800 actually on board. Since 817 of the 1025 FPL's you plan to add from February through September this year will go to towers, the shortage at the busiest facilities, especially the centers, is apt to continue isn't it?

ANSWER: We feel that the goal of 4,111 FPL's for the centers by September 30, 1988 is adequate at this time. Since the end of January through the end of March the centers have gained 85 FPL's. This places the centers within 123 FPL's of the agency's goal for centers.

SENATOR LAUTENBERG: GAO also found first line supervisors were handling traffic up to 60% of the time at these busy facilities. Last year, Admiral Engen indicated FAA had a "battle plan" for reducing the pressure on supervisors.

Have there been any results? Are first line supervisors handling traffic less than they were a year ago?

ANSWER: Yes, based on our recent survey of those 43 busy facilities, the maximum time supervisors were handling traffic was reduced to 40%. In addition, the overall average amount of time spent handling traffic also decreased.

SENATOR LAUTENBERG: At what specific facilities have there been improvements and by how much?

ANSWER: Based on our recent survey results, there has been improvements at the following facilities. The percentage represents the estimated decrease in the amount of time the supervisors are handling traffic.

Los Angeles Center - 40%
Boston Center - 20%
Kansas City Center - 40%
New York Tracon - 13%
St. Louis Tower - 20%
Los Angeles Tracon - 10%
Chicago Center - 10%
Burbank Tower - 10%
Indianapolis Tower - 10%
Jacksonville Tower - 40%

The remainder of the facilities have had minimal (less than 10%) increases/decreases or no change at all.

SENATOR LAUTENBERG: Where do the major problems remain?

ANSWER: Of the facilities surveyed, none considered their circumstance on this issue as a major problem with significant impact. The primary impact identified, however, was that of having this circumstance limit their time to do their administrative duties.

SENATOR LAUTENBERG: You indicate that, during this fiscal year, you plan to hire up to 600 controllers being released by the Defense Department due to budget cutbacks. When will you begin bringing these people on board?

ANSWER: To date (4/21/88), 52 have been brought on board. Most of these people will be on board before September 30, 1988.

SENATOR LAUTENBERG: Does this mean you will be reducing academy common screen training?

ANSWER: Yes, the plan to hire military controllers released by the Defense Department will cause a decrease in the quota for the air traffic screen. Revised quota for the remainder of FY 1988 was issued April 8. The screen quota for FY 1988 has been reduced by 638 students. Depending on the final number and timing of the military controller hiring, the screen quota for FY 1989 may be reduced as well.

SENATOR LAUTENBERG: How much will be saved?

ANSWER: Reducing air traffic common screen quota by an estimated 638 student inputs will save an estimated $2,170,000 in student training travel and per diem expense, plus $3,025,000 in personnel compensation and benefits.

SENATOR LAUTENBERG: Last June, you indicated that you planned to contract for a major revision of your terminal staffing standards in the second quarter of this fiscal year and that the revision would not be completed until the Spring of 1990. What are the deficiencies in your existing terminal standard?

ANSWER: The present terminal staffing standards are deficient only in the sense that there have been numerous changes in the work environment and the actual job requirements of air traffic controllers. Advances in automation, traffic complexity, new positions, and new radar and data processing equipment have created an entirely new work place with new and diverse staffing needs.

SENATOR LAUTENBERG: Why is it going to take so long to get this work completed?

ANSWER: It generally takes a great deal of time to develop an engineered staffing standard for an organization with the size and complexity of the air traffic terminal system. The initial phase involves designing and pilot testing a work measurement methodology which can be used in a variety of facilities to establish a national standard. This phase is now underway. A representative sample of approximately forty sites is now being designed for the TRACON portion of the study. In order to obtain a consistent measurement of work required during peak traffic periods at each of these locations, we have planned for 24 weeks to be spent in the data collection phase of the work. The initial data reduction, processing and analysis is scheduled to take 7 weeks, with the final standards for TRACONs to be completed 10 weeks after that. A similar schedule is planned for the tower cab portion of the study following completion of the TRACON standards.

SENATOR LAUTENBERG: Why is it necessary to contract for this work? Why can FAA not develop its own staffing standards in-house?

ANSWER: This project involves a significant amount of staff hours for data collection, data reduction, and data analysis. The Management Engineering Branch, which exercises primary responsibility for the development, implementation, and updating of all FAA staffing standards for inspectors, maintenance personnel, security personnel, air traffic controllers and others is presently staffed by a manager and four analysts. Contracting for this work, as an alternative to increasing in-house staff on a temporary basis, is consistent with the policy of prudent and proper utilization of commercial services.

SENATOR LAUTENBERG: Testimony last June indicates that in addition to system-wide estimates of staff needs developed at headquarters, you also now have the regions submit controller staffing requirements based on their assessment of operational needs. Are these recommendation based on current or on projected operational requirements, or in both?

ANSWER: The recommendation included in their budget submission is based upon projected operational requirements. During the current year the recommendation is based on current requirements.

SENATOR LAUTENBERG: What size controller work force do the regions, in the aggregate, recommend for fiscal years 1989, 1990, and 1991?

ANSWER: The regional input on the operational requirements is done approximately 16 months before the start of the fiscal year. The regional recommendation for FY 1990 will become known by June 1988. In June 1987 the FY 1989 recommendation was 16,225.

SENATOR LAUTENBERG: Your justification indicates that airport "hubbing" will have an impact on CWF requirements, but that "FAA and the airlines cannot predict 18-24 months in advance when new routes or hubs may be established.."

Why not? Isn't a reasonably accurate estimate possible on the basis of historical experience, economic conditions, current trends within the airline industry, etc.?

ANSWER: The decision to create a new hub by an airline is a marketing decision. The airline may decide to delay the announcement of the new hub due to competition or other economic factors. There is no historical experience which will provide guidance in predicting when a new hub will go into a particular airport. One of the biggest problems in today's environment is the airline economic stability. The airline might provide the FAA with plenty of advance notice, but at the eleventh hour decide they cannot proceed with the hub.

SENATOR LAUTENBERG: In fact, last year you told the Committee (p. 732--S. Hrg. 100-354 Pt. 2) that "the airlines keep APO advised of their intentions in hubbing and that information is included in all future forecasts."

ANSWER: The Office of Aviation Policy and Plans attempts to keep abreast of trends relative to hubbing decisions by following industry literature and discussions with industry experts. As this information is collected, it is included in revised agency forecasts. However, decisions relative to hubbing by airlines have significant marketing impact, and therefore, airlines do not release this information prematurely. Once these hubbing decisions are made by the airlines, they are implemented within 12 to 18 months. This may increase air carrier operations by 40 to 80 percent during the initial year of the new hubbing operation.

FLIGHT SERVICE STATIONS

SENATOR LAUTENBERG: Your budget proposes a reduction of 192 positions and $3 million in the flight service specialist workforce. GAO has just issued a report on your flight service consolidation program which concludes that there should be no further flight service staffing cuts until after existing flight service stations (FSS) are closed and performance standards and staffing levels can be developed for the Automated FSS's (AFSS's). What is your response to this recommendation?

ANSWER: The reduction of 192 positions in FY 1989 would be accomplished systemwide. Primarily, these reductions will be possible through implementation of the direct user access terminal system that will become operational in FY 1989. We anticipate the leased DUATS program will offload approximately 20 percent of the service demand forecast for FY 1989. Some marginal benefits are anticipated as a result of consolidation and the presence of automation at the new facilities.

Pilots continue to respond positively to the two new features offered at the AFSS. Those features being, direct access to transcribed weather information and the ability to file a flight plan without talking to a specialist. These capabilities will either satisfy the pilots total requirement, or at least reduce the amount of time previously required to obtain this information.

We have developed performance standards for flight service specialists and have initiated a performance assessment process for AFSS's. We are currently developing an interim staffing standard for AFSS's. We believe our actions are consistent with the GAO recommendation.

MAINTENANCE TECHNICIAN STAFFING

SENATOR LAUTENBERG: You state that you "increased the maintenance work force by over 425 people last year." Your justification, however, shows an increase in maintenance technician employment of 361, not 425. What accounts for this discrepancy?

ANSWER: The increase of 425 maintenance work force in FY 1987 represents a total increase for Systems Maintenance as a whole. The Field Maintenance work force increased by 361 in FY 1987. The balance of the increase was in staff budgeted for in the Engineering, and the Planning Direction and Evaluation subactivities. These staff are involved in other maintenance support activities such as technical inspection, field technical support, program management, and similar related activities.

SENATOR LAUTENBERG: How many additional maintenance technicians do you plan to add this year?

ANSWER: The overall net increase will be 33 field maintenance technicians. This number reflects hiring of approximately 553 maintenance technicians offset by an estimated 520 separations.

SENATOR LAUTENBERG: The committee funded over 300 additional technicians last year. Why are you adding only 33?

ANSWER: At the end of FY 1987, the regional Airway Facilities divisions hired approximately 280 additional maintenance technicians. This hiring was intended to ensure that, despite expected FY 1988 attrition, (1) our FY 1988 FTE usage would be at the level directed in our FY 1988 appropriation action and (2) our FY 1988 end-of-year employment would be at an acceptable level. Because we did this hiring in FY 1987, the employment increase during FY 1988 for Systems Maintenance is relatively small. From an overall perspective, over the course of the 2 years we brought more technicians into the system earlier than our normal recruitment process would have provided.

FAA SURVEILLANCE/INSPECTION

SENATOR LAUTENBERG: Mr. Burnett of NTSB has said that there needs to be a much more aggressive approach to surveillance, as well as more comprehensive coverage in today's deregulated environment. Safe maintenance and operation costs money, and carriers may be tempted to cut corners in a competitive market. Secretary Burnley has said, in effect, that FAA's inspectors were in bed with the industry before Secretary Dole initiated her Safety Task Force Review. How do you respond to these criticisms?

Do you think it takes a "Cattle Prod," as Burnley has said, to get FAA to make the needed changes?

ANSWER: Although on specific issues the Department, NTSB and the Congress have directed that specific actions be taken in specific ways or at specific times, the FAA does not need to be prodded to take the actions necessary to ensure that the U.S. aviation system remains the safest in the world. Many of the instances cited by Secretary Burnley in his statement to the House Commerce, Science and Transportation Committee's Subcommittee on Aviation are specific events from which some valid generalizations may be drawn. However, there are many such events which could be cited to support opposite generalizations. For example, FAA may have initiatives underway that have resulted in a departmental action in the same direction, although perhaps to a different degree than FAA planned to take. Secretary Burnley's remarks are in large part directed at systemic problems inherent in any large bureaucracy and in the unique nature of the mission prescribed for FAA by law. His concluding remark was that "the men and women of the FAA are highly competent and dedicated people...." .!

SENATOR LAUTENBERG: How will the increases you are requesting address the deficiencies in your surveillance program?

ANSWER: Deficiencies in the surveillance program, as noted by GAO, the OIG, the Secretary's Safety Review Task Force, and others are being remedied under the umbrella of Project SAFE. The increases in the FY 1989 budget are part of a long range plan to hire and train the number of inspectors and support personnel required to effectively survey the industry in a deregulated environment. The position increases are based on a revised and updated staffing standard reflective of the job of an inspector. New training programs, new handbooks and guidance material, and new automation programs, both hardware and software, will continue to remedy the deficiencies which were noted in the past. The requested resources will provide for required training for inspectors and for office facilities for them to work in, as well as for increases in numbers of personnel. Without the increases increased levels of surveillance cannot be achieved, nor can the other recommendations made by GAO, etc., be implemented.

AVIATION STANDARDS AUTOMATION

SENATOR LAUTENBERG: The committee is informed that FAA, due to incompatible computer systems among the regions and headquarters, has no way of tracking inspection activity to ensure compliance with the national work plan for inspection which you mention in your statement. Is this true?

ANSWER: The FAA tracks inspection activity through an automated Work Program Management System (WPMS) which is maintained on Burroughs computers in every Flight Standards district office. The WPMS data is transmitted on a quarterly basis to a mainframe computer data base which tracks compliance with the national work plan. These computer systems are compatible and accessible by both headquarters and regional offices. Work is underway to convert the system to be IBM compatible, with completion scheduled within two years.

SENATOR LAUTENBERG: You are requesting $3,611,000 to modernize and expand your automation system to overcome this and related problems. What exactly do you plan to do?

ANSWER: There are two primary problems to solve. First is modernization; the existing automation tools are obsolete, incompatible with the industry standard, and must be replaced. Second is expansion; only one out of ten employees has access to automation tools. We plan to purchase industry standard microcomputers, software, training, maintenance, and support services. This purchase of microcomputers will only be the beginning of efforts to modernize. It will not significantly expand the automation tool base.

SENATOR LAUTENBERG: How is the cost estimate derived?

ANSWER: The $3,611,000 cost estimate was derived after normal budget cycle reviews of our original funding request to purchase 1,500 new microcomputers. These automation tools and associated support components (software, training, maintenance, supplies) are required in order to overcome the problems you mention. The current request will allow us to begin reducing the problems, but will fall short of meeting the objectives, because each unit ultimately costs $15,000 and includes - hardware and software (60%), training and maintenance (30%), and logistical support such as printer stands, keyboard trays, power strips, desk space (10%). Thus about 240 microcomputer workstations could be acquired. The current base of Burroughs equipment is obsolete, incompatible with industry standards, and must be replaced. Therefore, only about one eighth of the Aviation Standards workforce can have automation tools at this funding level.

SENATOR LAUTENBERG: How long will it take to put your new or improved system in place?

ANSWER: That depends upon resource allocations. If we are able to equip our workforce with enough tools, then our best analysis indicates two years to standardize the environment and integrate the automated inspection and compliance tracking.

SENATOR LAUTENBERG: Why was this problem not dealt with earlier?

ANSWER: Lack of funding has prevented solving the problems earlier. The solution ultimately requires 3,000 workstations to be made available as tools for the workforce. Implementing the solution requires significant resources above the historic base.

NATIONAL AIRSPACE SYSTEM (NAS) PLAN

NAS PLAN DELAYS/FUNDING

SENATOR LAUTENBERG: Your statement, unfortunately, continues to imply that NAS Plan delays are somehow attributable to past funding reductions, as if the Plan and all associated funding requests were in perfect shape and ready to go.

Last year, FAA told the Committee in unequivocal terms that, "There are no NAS Plan projects currently being delayed due to inadequate funding."

Do you stand by that statement or not?

ANSWER: FY 1988 has been the first year where the lack of adequate funding began to impact the National Airspace System (NAS) Plan schedule. During this fiscal year, we have taken action to manage the programmatic impacts sustained by this lack of funding. We have not been able to proceed with the microwave landing system second buy. We had to adjust to less than optimum production rates to accommodate the funding levels for projects such as the automated weather observing system and the remote maintenance monitoring system. We will be able to accommodate these schedules provided the funding requirements be reconciled in FY 1990. Should this not be the case, then the shortfall which began in FY 1988 will lead to NAS Plan project delays.

SENATOR LAUTENBERG: Are you satisfied that NAS Plan schedules are now in perfect shape and that there have been no significant technical problems with any projects?

ANSWER: The FAA assisted by the system engineering and integration (SEI) contractor maintains a master schedule baseline for all NAS Plan projects to show project development and implementation milestones. It is updated monthly to reflect current performance against milestones. Schedule baselines are maintained by a formal schedule change control process with management participation at all levels up to the Deputy Associate Administrator for NAS Programs. A schedule reserve is added to the project baseline schedule in order to establish high confidence schedules for the NAS Plan based upon risk assessment to identify schedule and technical areas of uncertainty. The most current baseline is then used to support the annual update of the NAS Plan. The FAA is satisfied that NAS Plan schedule management planning and control is being successfully applied through the master schedule baseline process, but cautions that technical and schedule uncertainties will always exist in any large program as complex as the NAS Plan. The FAA has had its share of technical development problems in the past, particularly in software development, but aggressively pursues early resolution of each problem as it occurs.

SENATOR LAUTENBERG: Do you categorically reject every concern raised by GAO this year and last about FAA's management of the NAS Plan?

ANSWER: Overall, we do not categorically reject all these concerns. The FAA had recognized problems in the NAS Plan acquisition process and took a number of actions to refine and improve the process. Some of the significant actions include establishment of test and evaluation policy procedures, refinement of the management control process for project cost and schedule, and the establishment of an independent cost estimating process. We do reject the notion that the NAS Plan costs would grow to $24 billion. The GAO refuses to recognize that there is a difference between the NAS Plan and the F&E budget. There are many required F&E projects which were not part of the NAS Plan and are not properly charged to the plan. There will be a need for sustaining F&E investment on a continuing basis. GAO has simply concluded that all investment costs through the turn of the century ought to be labelled as part of the NAS plan. We do not believe routine sustaining investment in the mid to late 1990's should be added to the NAS Plan baseline.

SENATOR LAUTENBERG: If not, then how can you say with certainty that any shortfall from the F&E Authorization levels will translate into serious schedule delays, etc.?

ANSWER: Cost estimates are directly related to scheduled work and are used in the budget formulation process. Initially, our schedules contained slack which minimized impacts from appropriations below F&E authorized levels but that schedule slack has been virtually depleted. Therefore, programs are now on tight schedules and tight budgets. We have reached a point in the program where there is a "ripple" effect of budget cuts. A reduction in a budget does not cancel the need for a project, but the budget reduction delays the project. To make up schedule time the following year, the FAA is forced to slip other work to compensate for the previous year's budget cut. Consequently, without schedule reserve and with our cost estimates reflecting scheduled work, we have high confidence in our forecast that shortfalls in F&E funding will translate directly into schedule delays.

SENATOR LAUTENBERG: You also state that a number of programs will be slipped from FY 1988 to FY 1989 and 1990 as a result of the reductions in funds by the Summit agreement. What are they?

ANSWER: Virtually every program in the FY 1988 F&E budget request had a funding reduction. To minimize the impact of the reductions, we have proposed certain reprogramming adjustments among approved programs. These adjustments will allow programs that are time critical and underfunded, due to the reductions, to be sufficiently funded and to proceed without interruption. Still there are some programs that will have some funding deferred until FY 1989, FY 1990, or beyond. They include:

Advanced Automation System
Develop & Integrate En Route Software
Radio Tone Control Equipment
Data Multiplexing Network
VORTAC Programs
Microwave Landing System
National Radio Communications System
Improve Unmanned Structures
Airport Cable Loop System
Improve/Replace Power Systems
Modernize ADP Facilities
Upgrade Flight Inspection Aircraft

SENATOR LAUTENBERG: Your statement complains about the reductions forced by last Fall's so-called Budget Summit Agreement. Who insisted on shifting $3 billion in outlays from the domestic discretionary budget to defense -- the Administration or Congress?

ANSWER: The Administration, as part of the negotiation with Congressional leadership leading to the budget compromise agreement, placed a high priority on funding for defense.

ADVANCED AUTOMATION SYSTEM (AAS)

SENATOR LAUTENBERG: Last year, this Committee told you not to award the contract for the AAS until a new cost/benefit analysis was made and certain risk reduction work was completed. For fiscal year 1989, you are requesting $212 million to begin the requisition process for the system.

But GAO has just testified that you did not completely follow the Committee direction regarding the re-analysis of the AAS program.

Is that accurate?

ANSWER: We believe that we followed the Committee's direction. Even though GAO disagreed with certain features of the study, they found no basis for not proceeding with the AAS award. The study analyzed seven alternative systems which spanned a range of potential improvements in air traffic control service and system capacity. This analysis included a number of feasible alternatives from replacement of the current system with no added functionality, through less sophisticated technical improvements, to the full functionality of the AAS. It provided insight into a range of facility consolidation options and considered different acquisition strategies. Although there are potential alternatives which were not specifically addressed, we could identify no feasible alternatives.

The study was based on sound and accepted techniques of cost and benefit estimation. The costs and benefits were specifically estimated independent of the program office. The estimation of user and controller benefits was based on the results of the most comprehensive field data gathering effort yet performed to identify inefficiencies in use of the airspace. The study explicitly considered and quantified cost/schedule and the technical risks associated both with schedule extensions (due to rework of components) and with the failure to implement a function. As requested, extensive sensitivity analyses were performed to examine the effect of changes in assumptions upon results. Moreover, benefits which did not explicitly lend themselves to evaluation in terms of dollars (such as improved safety, reliability and the capacity to accommodate future improvements) were identified and discussed.

SENATOR LAUTENBERG: Are you totally satisfied that you now have the information necessary to award the AAS contract?

ANSWER: We are completely satisfied that we have sufficient information to proceed with the award of the AAS contract.

The risk reduction tasks conducted during the last year have greatly reduced technical risk of the design approaches, and the cost benefit analysis fully supports the investment decision to proceed with the acquisition phase.

SENATOR LAUTENBERG: Has the Department approved the new cost/benefit study? If not, what is the reason for the delay?

ANSWER: Yes. The Department recently approved the new cost/benefit study and authorized the FAA Administrator to transmit the results to Congress.

SENATOR LAUTENBERG: In your April 30, 1987 letter to this Committee you commented that the changes required by the Committee result in a 21-month slip in the AAS implementation schedule of 1988. Isn't it true that a report prepared by Martin Marietta last October said that your 1986 schedule was unrealistic and that AAS deployments would slip by 18 months?

ANSWER: A report prepared by Martin Marietta in October 1986, as part of our replanning activities for the advanced automation program, did conclude that the 1986 NAS Plan dates were unrealistic and that AAS deployments could slip as much as 18 months.

Our replanned program outlined in our April 30, 1987, letter indicated the slippage of 21 months was due to program changes made as part of our replanning activity as well as changes required by the committee.

COMPUTERS AT MAJOR TERMINAL CONTROL FACILITIES

SENATOR LAUTENBERG: The problems FAA has encountered in its efforts to upgrade the air traffic control computers at the New York terminal radar approach control (TRACON) are well-known to the Committee. Safe and efficient operations of the New York TRACON are of vital interest to air travelers in the New Jersey/New York area.

Given FAA's previous insistence on having back-up computer capability at the NY TRACON, what are the implications of routinely using the back-up processor to provide additional capacity during peak operations?

ANSWER: The spare processor is being utilized to handle additional capacity is being utilized a few days a year during peak loading periods only. Should a processor fail during this period, the response time from when a controller inputs his data until he gets his response will be slightly increased.

FAA expects the interim capability upgrade scheduled for May of this year to resolve the capacity problems. There are no safety implications associated with this mode of operation.

SENATOR LAUTENBERG: What tradeoffs are being made?

ANSWER: The tradeoff would be to restrict traffic flow during peak periods. By using all the processors during peak periods traffic loads can be handled efficiently.

In case of a processor failure, operations are reduced to a level that can be handled without using the spare processor, and some traffic delays during peak periods would result.

SENATOR LAUTENBERG: What will FAA do if the computer upgrade is not ready for operational use in May?

ANSWER: FAA will continue the use of the spare computers during peak periods to minimize ATC delays until the computer upgrade comes on line.

SENATOR LAUTENBERG: Will any testing be short-cut in order to be ready for the expected increases in air traffic this summer?

ANSWER: No, testing will not be short-cut. FAA will complete all prescribed tests before the system is certified for operational use.

SENATOR LAUTENBERG: Given the fact that it will be many years before the new advanced automation system will be available at the major terminal facilities, is it possible that in the interim we will have to procure 1960's vintage technology in order to buttress the current systems with compatible computers?

ANSWER: Our current terminal automation systems will be buttressed through the procurement of compatible computer components to enable the terminal systems to operate effectively until they are replaced. These components will be of the same type as in our current FAA inventory and will be a mix of technology ranging from 1960 processor technology to state-of-the-art solid-state memories. All components will be fully supportable until replaced by the advanced automation system.

The FY 1989 budget contains $150 million for the interim support plan that will allow us to start this process. Additional funding will be required in the future.

FAA SAFETY-RELATED ACTIVITIES

REGIONAL SAFETY MANAGER PROGRAM

SENATOR LAUTENBERG: You are requesting an increase of $453,000, 10 positions, and 5 FTE's for this program. Your justification indicates that "resources will be transferred from Air Traffic ... in the Office of Aviation Safety (headquarters) and in each region." Does this mean you intend to comply with the directive in last year's Senate report and establish a Safety Office that is independent of Air Traffic?

ANSWER: Yes, it does. The Office of Aviation Safety has always been independent of all other FAA offices and services, including Air Traffic. The Regional Safety Manager Program is an extension of the Office of Aviation Safety and will establish independent safety offices within each region for the specific purpose of safety evaluation, appraisal and promotion of safety issues.

SENATOR LAUTENBERG: To whom will the Director of this office report?

ANSWER: The Safety Manager in each region will report to the Director, Office of Aviation Safety, in Washington, DC. The Director of Aviation Safety reports only to the Administrator.

SENATOR LAUTENBERG: Will the Regional Safety Managers report directly to the headquarters Safety Office or will they go through the regional FAA Administration?

ANSWER: The Regional Safety Managers will report directly to the Director of Aviation Safety in Washington, DC. Of course, they will work closely with the regional directors to address safety issues, but the line of authority will be to headquarters.

SENATOR LAUTENBERG: You will, as I understand it, have a safety manager assigned to each region. Shouldn't there be one at each major facility?

ANSWER: We intend to improve the evaluation process for the ATC system by assigning an expanded evaluation role to the Office of Aviation Safety. However, we do not plan, at this point, to assign a separate safety manager at each major facility. From a resource perspective, this would require 88 air traffic personnel for the Level IV and V terminal facilities and the en route centers. Since each of these specialists would have to be very experienced, it would mean removing qualified ATC personnel from air traffic control duties. The most significant reason is that we believe that our evaluation program can be both objective and thorough using a combination of resources from the air traffic evaluation offices, the Office of Aviation Safety evaluation personnel, and the management within each major facility. Each of these operating elements will serve as a checks and balances system and will ensure we examine each facility individually and as it rates against similar facilities.

PREVENTING MIDAIR COLLISIONS

SENATOR LAUTENBERG: The NTSB recommended that FAA implement a computer program called Mode C intruder at all of the largest TRACON's. (Mode C intruder alerts a controller when an uncontrolled aircraft is about to violate separation standards within the next two minutes.)

When will the NY TRACON have this capability?

ANSWER: The New York TRACON will have Mode C intruder capability in 1990 when stage 2 is implemented.

SENATOR LAUTENBERG: When will the other TRACON's have it? (Mode C Intruder)

ANSWER: Assuming a program start in FY 1989, the Mode C intruder function could be implemented for the 63 ARTS IIIA facilities, beginning in FY 1991 and ending in FY 1992.

SENATOR LAUTENBERG: What are the principal causes of near midair collisions, pilot deviations, and controller errors?

ANSWER: Analyses of operational error data have shown human factors to be the most frequently cited primary cause of those errors. The errors most often cited include improper use of displayed radar data, miscommunication of information between controllers and pilots or other controllers, and improper coordination among controllers regarding aircraft movement or airspace use. A review of pilot deviation incidents, in which a loss of standard air traffic separation occurred, showed that the primary problem areas included deviations from assigned course or altitude, unauthorized intrusion into airspace and ground operations contrary to or without proper clearance. For the past five years the largest number of near midair collision reports involved conflicts between aircraft under radar control (operating under instrument flight rules) and aircraft under visual flight rules (VFR). These incidents usually occur below an altitude of 12,500 feet (mean sea level) in conditions of good visibility. The pilot deviation and near midair collision reporting systems enable the FAA to monitor continually changes in the number and characteristics of airspace conflict situations; but our analyses have shown the need to capture additional information for the purpose of evaluating causal and contributing factors underlying these incidents. Such reporting system revisions are underway currently.

SENATOR LAUTENBERG: Why were there substantial increases in the near midair collision reports and pilot errors in 1987?

ANSWER: A common factor, which may have contributed to the increase in both near midair collisions and pilot deviations in 1987 was the increase in aviation activity. Certainly the stricter enforcement policy for airspace violations adopted by the FAA following the midair collision over Cerritos, California contributed significantly to the larger number of pilot deviations reported in 1987. The reporting of near midair collisions last year was probably stimulated by the increased awareness by flight crews of the potential for aircraft conflict situations. This heightened awareness was the result of FAA educational efforts, agency airspace improvements, media attention, and regulatory initiatives. Although the cause of the numerical increase in 1987 reports cannot be determined exactly, the potential significance of these reported aircraft conflict situations does remain a serious concern of the FAA. To address this concern, FAA has undertaken or accelerated several initiatives for the purpose of enhancing pilot proficiency, air traffic control services, and collision avoidance technology. In light of FAA actions it is gratifying to note the recent encouraging decrease in near midair collision reports that has occurred over the past five months. For the five month period ending in March 1988, the number of near midair collisions has dropped by almost 24% over the same five month period a year ago.

SAFETY CONCERNS

SENATOR LAUTENBERG: At last year's hearings there was considerable debate and discussion about how system safety should be measured. The committee, in its report accompanying the FY 1988 bill, directed FAA to develop a "standard set of safety indicators" in consultation with several organizations. You are requesting $2,320,000 for contractual support for the implementation of a safety indicator program in FY 1989. Why can't we put such indicators in place this year?

ANSWER: The groundwork for developing a set of system safety indices has already begun. The FAA is sponsoring an independent study to develop the indicators that will identify situations in which "exposure to risk" is increasing. $690,000 has been made available this fiscal year to start the effort and $1,720,000 has been requested in FY-89 to continue development. The safety indicators program is a two-stage development effort with the first phase focusing on air traffic safety indicators and the second phase on the development of flight operations safety indicators. An implementation plan for air traffic safety indicators will be delivered by the end of the year with an operational prototype automated system in place by mid 1989. A pioneering effort of this magnitude and complexity requires time to plan and execute. Uncovering potential sources of information, developing mathematical models, validating parameters, and adapting concepts to an automated, real time environment are but a few of the demanding tasks involved in the safety indicator program.

SENATOR LAUTENBERG: What safety indicators have you selected?

ANSWER: Selection of the appropriate safety indicators will be accomplished during the independent study. Some candidate measures which will be considered for ATC system indicators include: airspace incidents (near midair collisions, operational errors and pilot deviations), air traffic system parameters (staffing, workload etc.), collision risk models, system capacity measures (flow control), and system utilization (operations etc.). In developing flight operations safety indicators some of the measures which will be considered are: accidents and incidents, service difficulty reports, surveillance inspection data, violations and enforcement actions, carrier financial condition, personnel data (qualifications, training and experience), and activity data (flights, hours etc.).

SENATOR LAUTENBERG: Exactly what safety studies and analyses would the contractor carry out in this connection?

ANSWER: The contractor will conduct comprehensive air traffic and flight operations literature reviews and interviews of aviation experts in the government and the private sector to identify potential safety measures. A study will be prepared which addresses analytical and systems requirements for the safety indicators system. Potential sources of aviation data for the safety indicators will be identified and alternatives for processing and automating the information will be evaluated. An Implementation Plan for the optimal system will be developed and the prototype system will be analyzed and calibrated to assure that the indicators accurately reflect the safety of the national airspace system.

SENATOR LAUTENBERG: Has a contractor been selected?

ANSWER: Yes, the program will be conducted by FU Associates, a minority-owned small business which has systems analysis, operations research and econometrics expertise, and the Flight Safety Foundation, an independent organization of aviation safety experts dedicated to the advancement of flight safety.

SENATOR LAUTENBERG: Why is FAA unable to conduct these studies and analyses in-house?

ANSWER: The FAA has the talent and capability to develop safety indicators. However, widespread Congressional and industry interest as well as obvious differences of opinion regarding the suitability and validity of existing measures highlighted the need for complete impartiality in the safety indicators development effort. To assure complete objectivity, it was decided to assign the development program to a respected, independent organization having appropriate aviation safety and systems analysis expertise.

SENATOR LAUTENBERG: Will the groups and organizations referred to in the Senate report have a role in the design of the safety indicators program and in the studies and analyses to support it?

ANSWER: Yes. These organizations (GAO, OTA and NTSB) have been consulted in the past regarding the complex task of aviation safety evaluation and measurement, and they will be included in the current development effort for aviation system safety indicators.

MANAGEMENT INITIATIVES

SENATOR LAUTENBERG: Your budget projects saving 876 FTE from "Management Initiatives." What are these initiatives and how exactly will they reduce your staffing requirements by 876 FTE?

ANSWER: The management initiatives include a combination of A-76 reviews, direct contracting projects, and other privatization efforts that were scheduled to be completed in FY 1989. The estimate of the FTE savings are based on OMB's standard assumptions of the number of FTE's reviewed; however, the exact savings and where they will be assessed will depend on the outcome of the studies. If the results of the studies favor continued in-house performance of the tasks, FTE's will be restored commensurate with the findings of the studies.

GENERAL BUDGET/OPERATIONS APPROPRIATIONS

SENATOR LAUTENBERG: You are requesting an increase of $296 million or 9% for Operations. Over half, $170 million, is for price level, annualization, and other non-discretionary changes. What rate of inflation does this assume?

ANSWER: The budget assumes an inflation rate from FY 1988 to FY 1989 of 3.5%. The rate was provided by OMB.

#69F

SENATOR LAUTENBERG: How much of the increase is attributable to general inflation?

ANSWER: $32.030 million of the Operations request is attributable to inflation.

#70F

SENATOR LAUTENBERG: How were your annualization costs calculated?

ANSWER: Annualization costs are costs incurred by the Agency because of built-in increases such as Within Grade pay increases (WIG's) or Grade-to-Grade promotions; because of other changes such as legislation (i.e. pay raise); or costs associated with employees hired in the previous year. These costs are incurred to maintain ongoing programs and activities. A number of assumptions are used in budgeting for these items, such as:

- o WIG's are based on the number of employees eligible for WIG's adjusted for turnover and downgrades, and the average salaries of the employees.
- o Grade-to-Grade promotions estimates are based on historical data and analysis of the workforce. Budgeting for Grade-to-Grade promotions is limited to air traffic control specialists and field maintenance electronic technicians.
- o The pay raise estimates are based on the cost of paying for the FY 1988 2% pay increase in FY 1989.
- o Annualization of FY 1988 FTE costs assume that new employees brought-on in FY 1988 worked on average for 6 months. This means that two employees were hired for each additional FTE approved by COngress in FY 1988. The annualization request is to allow the Agency to cover the full year cost of the new employees' salaries.
- o Annualization costs for Leased Telecommunications are based on full year costs of new circuits which were installed in FY 1988 and only funded for part of the full year cost of these circuits.

These costs are offset in part by savings in annualization for fewer workdays in FY 1989 and reductions due to anticipated retirements.

SENATOR LAUTENBERG: How much does annualization account for?

ANSWER: Annualization costs are as follows:

WIGS's, Grade-to-Grade promotions and Merit pay...	$70,170,000
Federal Employees Retirement System..............	15,754,000
Annualization of FY 1988 Positions...............	24,365,000
FY 1988 Pay Raise................................	44,907,000
Annualization of recurring Leased	

Telecommunications costs	11,288,000
Two less Workdays	(14,903,000)
Anticipated Retirements	(26,529,000)
TOTAL ANNUALIZATION	$125,052,000

SENATOR LAUTENBERG: What are the "other non-discretionary changes?"

ANSWER: "Other non-discretionary changes" include cost increases the Agency is obligated to pay in order to carry out its mission or meet its contractual obligations. These items are non-pay in nature.

SENATOR LAUTENBERG: What are the major cost elements involved?

ANSWER: The major items include:

- $4.3 million in GSA rent increases.
- $1.9 million for full year costs of new facilities.
- $3.7 million for Tariff/Fee/Price increases for Leased Telecommunications.
- $2.9 million for FY 1989 costs associated with the new Drug Testing Program begun in FY 1988.

SENATOR LAUTENBERG: Provide for the record a table comparing your estimates for within-grade-increases and promotions with the actual costs for these items for fiscal years 1984-1987.

ANSWER: The Agency's accounting system is not able to provide this information. Once an employee is given a within-grade increase or promotion his or her salary goes up. The incremental change/increase is not tracked separately.

SENATOR LAUTENBERG: As you know, this Committee has had some serious misgivings about the reliability of FAA's system for estimating its staffing requirements. We were told at our hearing last June that this large increase requested in June was primarily due to a re-estimate of air traffic growth from a rate of 3 to 4% to between 5 and 6% for 1988.

What has been the rate of traffic growth for the first half of this fiscal year, i.e., through March 31?

ANSWER: Actual results of activity levels at FAA facilities are only available through January 31, 1988. Total aircraft operations, instrument operations and IFR aircraft handled grew by 0.3%, 2.6% and 2.9% respectively, relative to the activity levels for the first four months of FY 1987.

The re-estimation of air traffic levels last year became necessary when FAA's tracking of these activity levels revealed that the actual data for the first half of FY 1988 were higher than the corresponding forecasts. The higher re-estimated data provided an upper limit for the forecasts of FAA workload measures. These data reflected revised economic forecasts and a basic assumption which retained all stage-2 aircraft in the air carrier fleet through 1991.

SENATOR LAUTENBERG: Should we expect another big budget amendment this year?

ANSWER: Although fiscal circumstances continue to remain very tight this year, the FAA is not planning to submit a budget amendment.

SENATOR LAUTENBERG: Your justification predicts average traffic growth of 3% at centers, and increases of 2.7% in total operations and 3.9% in instrument operations at terminals between 1988 and 1991.

What accounts for the marked discrepancy in growth rates between 1988 (5-6%) and the succeeding 3 years?

ANSWER: The revised 1988 forecasts, prepared in June 1987, predicted growth rates of 3.4% for total operations, 4.2% for centers, and 5.3% for instrument operations. This compares to the current 1988 forecasts of 2.8% for total operations, 3.4% for centers, and 4.6% for instrument operations. The June 1987 revised forecasts were based on the assumptions of a strong economy, continued strong growth in air carrier activity and retention of all stage-2 aircraft in the air carrier fleet until 1991.

The latest FAA activity level forecast, published in February 1988, used a different set of economic assumptions than used last June. Current forecasts of gross national product (GNP) by some of the widely acclaimed forecasting services (Wharton Econometric Associates, Data Resources, Inc. and Evans Economics, Inc.) are considerably lower than the general economic forecasts made last year.

The current FAA forecasts assume real economic growth of approximately 2.3% over the next 3-year period compared to an annual growth rate of approximately 3.4% as projected by OMB last June.

AIR ROUTE CENTERS

SENATOR LAUTENBERG: Your justification states that the factors used to determine the number of controllers needed include, but are not limited to: (1) staffing standards employing forecasts of aviation activity; (2) the number of controllers in training and not available ... for air traffic control; and (3) an estimate of the number of additional sectors and control positions that may be required, "due to operations changes such as the addition of TCA's and ARSA's." You are requesting 405 more controllers for air route centers. How many additional controllers does your staffing standard for centers indicate you need.

ANSWER: The staffing standard is indicating an additional 134 controllers will be needed in FY 1989 over FY 1988 for the centers. The remaining 271 controllers are the controllers who are in the training pipeline.

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SENATOR LAUTENBERG: How many controllers or "controllers years" in training does your request for centers assume? How many of the additional 405 are due to this factor?

ANSWER: The staffing standard for FY 1988 and FY 1989 indicates 521 and 532 respectfully for controllers in training for a period of two to three years. An increase of 11 is requested under this factor.

SENATOR LAUTENBERG: How many additional sectors and control positions does your request reflect? How many of the additional 405 does this account for?

ANSWER: The staffing standard generates additional control positions by evaluating the traffic workload in each valid sector. We expect an additional 20 sectors to accommodate the 123 additional controller positions requested.

SENATOR LAUTENBERG: What other factors are reflected in your request for centers?

ANSWER: The other factors are the training pipeline for training failures as well as normal attrition of the FPL's, staff and supervisory positions.

TOWERS

SENATOR LAUTENBERG: You are requesting an increase of 624 positions for towers. How many controllers does your staffing standard for terminals indicate you need.

ANSWER: The terminal staffing standard indicates a staffing increase of 91 between FY 1988 and FY 1989. The remaining 533 increase is for the training pipeline.

SENATOR LAUTENBERG: How much of the increase for towers is due to training requirements?

ANSWER: The terminal staffing standard indicates an FY 1989 pipeline of 375 which is 9 greater than FY 1988.

SENATOR LAUTENBERG: How many of the additional tower controllers in your request reflect expansion in the number of sectors and control positions?

ANSWER: The terminal staffing standard is based upon the number of controllers required to meet projected work load or air traffic. A controller's work load is based on volume and density. The standard does not explicitly reflect the number of new sectors needed.

SENATOR LAUTENBERG: What other factors does your request reflect?

ANSWER: The other factors are the training pipeline for training failures as well as normal attrition of the FPL's, staff and supervisory positions.

TRAINING PIPELINE

SENATOR LAUTENBERG: You are requesting an additional 130 positions, 65 FTE, and $1.9 million for air traffic trainees and support. The table on OPS-28, however, shows a total increase of 124 positions for this activity. Explain this discrepancy.

ANSWER: On Page OPS-28 in the budget refers to employment information, which represents the number of employees expected to on board at the end of the fiscal year. We expect by September 30, 1989 to fill 95% of the 130 positions requested, considering a 5% lapse rate.

CONTRACT TRAINING

SENATOR LAUTENBERG: You are requesting an increase of $6 million, or 34% for contract training at the centers.

Why is such a large (34%) increase necessary, especially if you are implementing computer based instruction?

ANSWER: The request in Fiscal Year 1989 budget for a $6 million increase for contract training does not represent an increase in cost above the Fiscal Year 1988 level. The program has been under budgeted since Fiscal Year 1987 because costs were underestimated during program development. We have had to cut back in other areas -- permanent change of station costs, for example -- to make up this shortfall in FY 1988. In fact the Fiscal Year 1989 costs, of the training contract, will run about $100 thousand less than Fiscal Year 1988.

SENATOR LAUTENBERG: How many additional contract instructors will this fund?

ANSWER: No additional instructors will be funded as this is not an increase in contract funding.

SENATOR LAUTENBERG: Why don't you intend to implement the plan, which you say is now under review, to bring these activities in house?

ANSWER: We believe that the plan has been somewhat overtaken by events. Since the Congressional request, FAA has received new FPL requirements from Congress. Also, Administrator McArtor has placed a high priority on finding new and innovative ways to accelerate the progression of air traffic controllers to full performance level. He has contracted two independent studies to produce short-range and long-range plans for modernizing air traffic controller training. These contractors will place emphasis on the use of advanced training technology to produce well qualified FPL controllers in the most expedient and efficient manner. The final recommendations from these contractors are expected April 15 and May 22, 1988. Before committing to a particular training strategy, we would like to carefully study these recommendations, as well as analyze cost comparison, cost vs. benefit, and current training policies, practices, and methodology in order to improve and expedite the training process in the most effective manner.

CONTRACT WEATHER OBSERVATION

SENATOR LAUTENBERG: You are requesting an increase of $2.3 million, or 32%, for contract weather observation. Please explain the reasons for this large increase.

ANSWER: Public Law 97-248 requires that FAA maintain weather observations when an FSS providing that service is consolidated. Not all FSS's provide weather observation. This service may be provided by contract with the private sector or by automation.

Automation will not be available prior to FY 1990, therefore contract observers are required.

By the end of FY 1988 the FAA expects to have some 67 locations under contract.

An additional 21 contracts are anticipated in FY 1989.

A national contract award for all existing locations is anticipated in FY 1989.

The average price per contract in FY 1987 was $100,000.00

The $2.3M funding requested for FY 1989 will be required to support the 21 new contracts, the increased price for the existing 67 contracts, and the resources required for the national contract.

SYSTEM RECOVERY AND REVITALIZATION CONTRACT

SENATOR LAUTENBERG: You are requesting an increase of $450,000 for a contract to develop standardized operational position standards and improve training procedures.

Why is FAA unable to accomplish this task either in-house or through its existing training contract?

ANSWER: This particular contract is with the MITRE Corporation and is not part of the training contract for instructional services in the centers. MITRE has been performing work in the human factors area for the Air Traffic Service for over ten years. The human factors expertise which they provide is not resident within the FAA. At the present time, they are assisting us in the constraints and actualization of planning two of the recommendations issued by the Jones Task Force. Additionally, they will aid in the definition of training for our traffic management needs - specifically, they are assisting in the development and implementation of;

1. Operational Position Standards (OPS)

The effort to develop OPS for all positions of operation for all three options has been under way for the past three years. We plan to implement OPS for the tower cab and radar position in the third quarter of this year. The flight service OPS have been developed and will be implemented in the first quarter of FY89. We have just began development of OPS for our supervisor positions. We plan to start, providing funding is available, development of OPS for our traffic management positions the first part of FY89. MITRE assistance in this effort consists of;

a. Completion of OPS under development, including the incorporation of field comments.

b. Definition and execution of the national implementation of completed OPS and other position standards, including materials for briefing and training regional and field personnel, articles to promote acceptance of the standards by the field, and assistance with publication of the OPS Handbook..

c. After implementation monitoring the effectiveness and application of the OPS and other position standards.

d. Integrating the documentation for on-the-job training certification, and other technical performance evaluations with the OPS and other position standards.

e. Identification of procedures and their applications that need revision based on the results of reported analysis of operational errors and incidents.

f. Ongoing review and revision of all OPS, other position standards, and the OPS Handbook.

2. Standardization of Training and Certification

As with the OPS, the effort to develop materials and strategies for standardizing position training and certification has been in progress for over three years. At the present time, a new process for conductive ATCS on-the-job training (OJT) has been developed, confirmed, and we plan to implement the program in July of this year. Position certification procedures have been developed, sent to the regions for comment, and are now being confirmed. MITRE's assistance in this effort consists of;

a. definition and execution of the national implementation of the new OJT/Certification process, including materials for briefing and training regional and field personnel and articles to promote acceptance of the new process by the field.

b. Integrating the OPS into all forms used for documenting performance during OJT, certification, and other performance evaluations.

c. Development of materials to supplement or revise the training of OJT instructors and examiners.

SENATOR LAUTENBERG: How is this related to the problems you are having with respect to achieving FPL objectives?

ANSWER: Although this is not specifically related to the immediate problem of achieving FPL objectives it is directly related to improving and enhancing the air traffic training program. By improving the standardization of training we will be enhancing the training process thereby enabling us to turn out a highly qualified controller more efficiently. Additionally, we will be able to define the requirements for future traffic managements needs of the NAS plan.

ACF IMPLEMENTATION CONTRACT

SENATOR LAUTENBERG: You are requesting an increase of $400,000 for contract services in connection with the planning or implementation of the planned consolidation of terminal control facilities into area-controlled facilities.

Why aren't these tasks being performed either in-house or via the systems engineering and integration (SEI) contract or the technical services support (TSS) contract?

ANSWER: Use of the $400,000 is planned for contract support through transportation systems center (TSC), an entity of the Department of Transportation. This requirement for support to the area control facility (ACF) program office is essential for adequate program management.

The three major elements of work which will be accomplished through this contract are:

Integration of the NAS plan project milestones, operational requirements for transition, and human resource planning into site specific transition networks to support the transition phase of the ACF program.

Documentation of the Human Resource Management Plan as it relates to transition of air traffic personnel into ACF's.

Automation support in maintaining, changing, and conducting "what-if" scenarios for airspace boundaries, consolidation boundaries, sequence of facility consolidation, and equipment quantity deployment associated with ACF boundaries.

Positions and funding (FTPS and FTES) do not permit an increase in personnel in the ACF program office to accomplish this work. Also, some of these tasks require specialized automation equipment and specialized skills which are not within our available workforce.

The systems engineering and integration contract (SEIC) provides direct technical management support to the NAS program office. This support is not available to the ACF program office due to resource limitations. Also, the SEIC deals with technical equipment engineering and integration issues. The scope of their work does not include support for planning of operational air traffic transition elements of human issues of consolidation.

The technical services support (TSS) contract provides "hands-on" technical support and installation of NAS projects. This contract also falls outside the scope of the work required by the ACF program office.

However, the transportation systems center has experience and is uniquely qualified to support ACF program management activities. They have served in this capacity since April 1985 and have developed an extensive ACF related data base over this period of time.

As the implementation activities progress and the beginning of facility consolidations near, additional resources will be required. This requirement will be met by a combination of additional in-house and contractor support.

INSTALLATION AND MATERIAL SERVICES

SENATOR LAUTENBERG: You are requesting an increase of $18,767,000, 70 positions and 35 FTE for this activity. Your justification refers to increases in workload association with the transition to NAS Plan Equipment, as well as to growing backlogs and inefficiencies in supply support. Your workload data, in fact, show major increases in most items between 1985 and 1988. Yet your work force has declined from 1.569 in 1985 to 1,368 at the start of this fiscal year.

Please explain why you have been reducing your staff despite growing workload and increasing delays and inefficiencies in logistics supply functions.

ANSWER: Staffing has been reduced in this activity because of a higher priority need in other areas of the Agency. The increased workload has finally caught up to us and it is essential to the implementation of the NAS Plan that we get these additional positions. The fact that this request is now before Congress is indicative of their high priority in the Agency.

SENATOR LAUTENBERG: Since workload was rising and since you knew that there would be additional demands associated with NAS Plan projects, why did you not keep an adequate work force in place? This would surely be more efficient than going out now to recruit and train new personnel, would it not?

ANSWER: Every attempt has been made to keep an adequate work force in place and the need for additional positions has been realized for several years. However, because of the higher priorities related to safety and security, the staffing needs of this activity have been deferred until now.

SENATOR LAUTENBERG: Please explain how these increases will be related to the scope and substance of the work to be accomplished via the TSSC contract.

ANSWER: The Technical Support Services Contract (TSSC) provides construction and installation type effort in support of the field F&E program. TSSC does not include the Logistics Support (Procurement, Real Estate, Material Management) that these positions will provide.

MAINTENANCE OF TRAFFIC CONTROL SYSTEM

SENATOR LAUTENBERG: You are requesting an increase of $59,555,000 and 318 FTE's for this activity. Last year, the Committee added 325 FTE's for field maintenance technicians. You are requesting another 318 FTE's for FY 1989. Despite these staffing increases, however, you project that overtime will increase in FY 1988 by almost 40,000\hours and remain constant in FY 1989 at 258,042 hours and $4,588,000. Why won't the additional staffing reduce overtime costs?

ANSWER: Most of our field overtime is related to call back maintenance situations which occur on a random, unpredictable basis. These corrective maintenance situations typically require timely restoration actions by fully trained and certified journeyman technicians for which overtime must be used. Most of the technicians hired last year and this year will not be fully trained and qualified for some time; so this additional staffing cannot yet allow us to reduce overtime. Also, work center consolidation has outpaced implementation of the remote monitoring system, thereby causing a temporary requirement for increased overtime to travel greater distances to accomplish restoration activities.

SENATOR LAUTENBERG: How many additional FTE's would it take to reduce overtime by 50 percent? What would the net cost be?

ANSWER: Additional FTE's would not reduce overtime requirements significantly. Again, this is because most of the overtime used by the field is for call back maintenance situations which occur on a random basis. That type of overtime could be substantially reduced, and, in fact, nearly eliminated, if we provided 24-hour, around-the-clock coverage for all the equipment in the National Airspace System. This would require approximately 1,600 additional FTE's at a net additional cost after eliminating overtime of $72,000,000. However, it clearly is not a practical solution from position management and system cost viewpoints.

HOST REPAIR CONTRACT

SENATOR LAUTENBERG: You are requesting an increase of $5,500,000 for contract maintenance of the Host system. Why weren't these costs included in the Host contract?

ANSWER: Maintenance of the Host system is not included in the purchase price of the Host system. However, the Host contact includes an option to purchase repair and logistics support. The FAA purchased this support during the first year of instllation under the F&E appropriation. The Host contract contains options for this type of support through 1997. Since the ongoing maintenance is properly an Operations appropriation item, we plan to fund these costs on an annual basis in the Systems Maintenance budget commencing in FY 1989.

SENATOR LAUTENBERG: Since you are just completing installation of the new Host system, why will it cost $5.5 million to provide repair and restoration support?

ANSWER: Now that the Host systems are commissioned, the $5.5 million will provide for ongoing repair and logistics support, onsite corrective maintenance, and depot-level repair of electronics modules. Such services were provided by the contractor at each site during an initial break-in period. While the Host equipment is relatively new and is proving to be more reliable than its predecessor in terms of overall system operation and reliability, it still includes component modules that require servicing and logistics support. Our analysis indicates that this service will be the most economical and practical method of supporting the Host computers.

WORK FORCE PROJECTIONS

SENATOR LAUTENBERG: At last June's hearing, FAA submitted the SEI contractor's latest projections of air traffic and facilities maintenance staffing requirements as its long-term staffing plan. According to these estimates, a total airway facilities work force of only 8,300 will be needed in 1990. Yet, you are requesting a total end of year work force of 8,900 for fiscal 1989. How do you explain this discrepancy? Surely you are not going to see an abrupt drop in workload in 1990 such that you could cut your work force by 600, are you?

ANSWER: As you know, the 8,300 projection for field maintenance staffing for the year 1990 was developed some years ago. Over the course of the past year, as we move closer to the 1990 window year in the NAS Plan, and coupled with the realization that we have added facility workload that has not been completely accounted for in our projections to date, we have looked much more closely at that 1990 target. It appears clear now that some adjustment is necessary. The 1988 NAS Plan which will be published in June will show a new target for 1990. That figure is expected to be reassessed further when we prepare our FY 1990 budget submission to Congress at the end of this calendar year.

SENATOR LAUTENBERG: Are these SEI contractor projections erroneous or too optimistic?

ANSWER: The projections were too optimistic. Future estimates will include additional workload that was not envisioned at the time the original NAS Plan was prepared, such as the Traffic Management System, Terminal Doppler Weather Radar added Instrument Landing Systems, and similar projects.

SENATOR LAUTENBERG: If so, what are the implications for NAS Plan cost benefit calculations?

ANSWER: The NAS Plan continues to clearly have a positive cost-benefit value. Those projections are being completed now and will be incorporated in the 1988 update which will be available in June.

LEASED TELECOMMUNICATIONS SERVICES

SENATOR LAUTENBERG: You are requesting an increase of 14,943,000 for this activity. This would mean an increase over FY 1987 of $47.8 million, or 22.7 percent and you indicate that you expect this trend to continue.

Why hasn't deregulation and increased competition among telecommunications companies enabled DECCO and FAA to constrain this price growth?

ANSWER: Cost reductions resulting from deregulation have mainly occurred in the area of dial up long distance services where significant competition exists. Unfortunately, the unique requirements of FAA operational communications require extensive use of full service dedicated circuits, where prices, for the most part, have increased even faster than inflation. Much of these price increases have been in the local access part of the circuit that is provided by regulated local phone companies where competition does not exist.

RADAR COMMUNICATIONS LINK NETWORK

SENATOR LAUTENBERG: You are requesting an increase of $2,750,000 for this program and your justification states that "tremendous future savings will result from transitioning ... leased circuits onto the new RCL."

Please provide for the record a table displaying the projected outyear costs of RCL, the schedule for transitioning leased circuits to RCL, and the associated cost savings and avoidance by year.

ANSWER: RCL OUTYEAR OPERATIONS COSTS ($ millions)

FY 90	$6.0
FY 91	$6.0
FY 92	$3.1
FY 93	$0.0

CUMULATIVE ANNUAL COST
SAVINGS*

FISCAL YEAR	CIRCUITS TRANSITIONED	($ Millions)
88	600	$ 3
89	1600	$ 8
90	2600	$ 13
91	3600	$ 18
92	4600	$ 23
93	4600	$ 23

* These are the cost savings resulting from transitioning existing circuits to RCL. Further outyear cost avoidances will accrue from putting new/expanded circuits on RCL that would otherwise have used leased circuits.

MEDICAL EXAMINATION POSITIONS

SENATOR LAUTENBERG: You are requesting an increase of $660,000, 12 positions and 6 FTE's for this activity. What is your current backlog of examinations?

ANSWER: We do not currently have a backlog in medical exams. The 12 positions and 6 FTE's are required for the increased workload with the Occupational Health and Airmen Medical Certification Programs. In the Occupational Health Program the increased workload is due primarily to added responsibilities for the substance abuse program, increased hiring of air traffic controllers, federal air marshals, and aviation inspectors. In the Airman Certification Program, workload increases are attributable to larger numbers of pilots requiring medical certification; and more attention to problems such as those involving pilots who have alcohol, drug and other medical conditions which would pose potential safety problems.

FIELD MAINTENANCE TECHNICIAN STAFFING STANDARD

SENATOR LAUTENBERG: Last year, you indicated in a response to GAO's study of the maintenance work force (RCED-87-137) that your staffing standard for maintenance technicians was under review. Is the review completed?

ANSWER: We completed an inventory file review during FY 1987 as well as the validation or establishment of staffing standards for 11 facility types. The staffing standard for maintenance technicians is continuously being reviewed and updated. Various components of the staffing standard system are scheduled and validated/revised on a recurring cyclic basis.

SENATOR LAUTENBERG: If so, what were the conclusions?

ANSWER: The Staffing standard remains an accurate indication of the workload required to maintain the National Airspace System. We completed an inventory file validation project during the past year as one element of the review process. It resulted in a reduction of 166 employee years in the current workload base. Establishment of staffing standards for new facilities will allow us to project staffing more accurately beyond FY 1989.

Revalidation of standards for existing facilities resulted in no appreciable change.

SENATOR LAUTENBERG: If not, when will it be completed?
ANSWER: As we said before, the staffing standard is continuously refined and updated. We will review it and components thereof on a regular basis.

SENATOR LAUTENBERG: What size maintenance technician work force does your staffing standard indicate?
ANSWER: The staffing standard analysis of July 1987 showed a requirement for a 9,050 employee-year work base for FY 1989. This compares to a budget request of 8,869. As you no doubt know, we have a well-experienced technician work force maintaining the NAS equipment and facilities. That work force, operating at a high degree of proficiency and efficiency, has allowed us to request somewhat less in total staffing than the staffing standard derived figures would otherwise require. The standard is based on average technicians working at an average pace. We requested fewer than that number from the Congress for FY 1989 by considering the experience base of our current field work force as well as the accuracy of our staffing standard itself which is approximately plus or minus 5 percent.

FIELD MAINTENANCE TECHNICIAN STAFFING PLAN

SENATOR LAUTENBERG: GAO, in its study of the maintenance work force (RCED-87-137) recommended that FAA develop a long-term maintenance technician staffing plan and provide it to Congress. Has such a plan been developed? If so, when will you submit it to Congress? If not, why?
ANSWER: The FAA, as part of its FY 1989 budget process, has reviewed the staffing and funding levels of the Systems Maintenance Program for FY 1989 and subsequent years in relation to the levels generated by the staffing standard, budget formulation requirements and other policy initiatives. The FAA budget submission to the Congress includes recommendations on staffing and funding. In addition, the FAA will be including 1990 and 2000 staffing projections for field maintenance in its next update of the NAS Plan.

SENATOR LAUTENBERG: Please provide for the record a table comparing maintenance staffing requirements as predicted by your staffing standard, the SEI contractor, your long-range staffing plan (if available), and outyear budget planning documents for the period FY 1988 to FY 1994?
ANSWER: In non-normal times, the staffing-standard-generated workload is not directly comparable to the staffing required to accomplish that workload. This is because the staffing standard projects workload generated/required for average technicians working at an average pace. With the highly trained, seasoned work force we have had in recent years, we have been able to accomplish the staffing-standard-generated workload with 10 percent fewer technicians or less. (This means that each

technician has been able to accomplish about 1.1 staffing-standard-generated work years of workload, on the average, during the past few years.) However, by FY 1990 we will have assimilated more trainees into the work force and this will offset the high productivity of our work force somewhat. We may, therefore, be requesting FTE's to accomplish workload on as much as a one-for-one basis with workload generated by the staffing standard. Current analysis indicates that this will be at the 8,900 FTE level for FY 1990. We are currently assessing our staffing standard data for FY 1991 and beyond. This data will be used to predict our outyear staffing requirements for the Five Year Plan.

Year Budget	Staffing Standard Generated Workload	SEIC/NAS Plan	
FY 1988	9,500 2/	-	8,551 1/
FY 1989	9,050 2/	-	8,869 1/
FY 1990	9,892 3/	8,300	-
FY 1991	-	-	-
FY 1992	-	-	-
FY 1993	-	-	-
FY 1994	-	-	-

1/FY 1989 Congressional budget.
2/Staffing Standard of 7/21/87.
3/Staffing Standard of 3/10/88.

FLEET CONVERSION PLAN

SENATOR LAUTENBERG: The Committee is informed that FAA flight inspectors have raised a number of serious safety and/or performance objections to the Beech 300 aircraft you propose to acquire for the flight inspection program. It is said that the cockpit provides inadequate space and headroom and is poorly configured for flight inspection duties. In addition, problems with the wing system and possible weaknesses in the wing fittings that could result in catastrophic failure have been identified.

What action is FAA taking to address the concerns raised by flight inspector pilots about the Beech King Air?

ANSWER: Cockpit space and headroom in the Beech 300 aircraft are more than adequate. There is no significant difference in the height and width of the BE-300 cockpit compared with the cockpits of the Sabre 80, Sabre 40 and Jet Commander flight inspection aircraft. The cockpit was configured by FAA flight inspection pilots and is more than adequate to perform flight inspection duties.

During normal routine structural testing by the Beech Aircraft Corporation to determine safe-life limits for components of a new airplane, Model Beech 300, a crack occurred in one element of a four-element lug of the wing attach fitting. THis type of occurrence is not uncommon. Beech Aircraft Corporation and the FAA Wichita Aircraft Certificate Office are examining the wing fitting to determine design change requirements necessary to ensure a safe-life limit of at least 10,000 hours. The aircraft is presently certificated with a safe-life limit equating to 2-3 years of service at our usage rate. As the design change requirements are incorporated on the aircraft, the certificated safe-life limit will be increased. These fatigue testing procedures are accepted practices used as a basis for establishing industry standards and confirming safe-life limits. This process ensures a maximum margin of safety.

SENATOR LAUTENBERG: What is the status of the procurements?

ANSWER: We have taken delivery of the first aircraft. Delivery of three additional aircraft is scheduled during April 1988. The remaining 15 aircraft will be delivered at the rate of two each succeeding month. The last aircraft will be delivered in December 1988.

SENATOR LAUTENBERG: Will there be any costs to the Government for "fixes" to the King Air problems?

ANSWER: No, contractually Beech Aircraft Corporation must provide an aircraft with a service life of at least 10,000 hours.

FPL'S/GAO STUDY UPDATE

SENATOR LAUTENBERG: Last year, GAO found a severe FPL shortages at the 43 largest, busiest air traffic facilities. In the aggregate authorized FPL positions at those facilities totalled 6,311. GAO found there were only 3,800 actually on board. Please provide for the record the current staffing pattern at the 43 facilities GAO studied last year.

ANSWER:

Centers	Controller Workforce on board as of March 31	FPL on board as of March 31
Albuquerque	287	199
Atlanta	463	313
Boston	339	266
Chicago	455	158
Cleveland	463	266
Fort Worth	373	244
Houston	337	220
Indianapolis	326	163
Jacksonville	332	221
Kansas City	374	217
Los Angeles	337	167
Miami	269	163
Minneapolis	306	179
New York	323	175

Oakland	316	148
Washington	428	240
Terminals		

Atlanta	87	58
Baltimore	65	35
Boston	63	45
Burbank TRACON	4[illegible]	19
Charlotte	57	31
Chicago	107 *	54
Cleveland	46	24
Dallas-Ft. Worth	103 *	74
Detroit	68	43
Edwards AFB	27	17
Houston	66	44
Indianapolis	40	28
Jacksonville	45	24
Kansas City	41	26
Kennedy	31	15
La Guardia	28	15
Los Angeles Tower	37	18
Los Angeles TRACON	60	30
Miami	74	45
Minneapolis	64	44
Newark	33	16
New York TRACON	204	100
Oakland TRACON	67	41
Philadelphia	70	35
San Francisco	32	20
St. Louis	64 *	44
Washington National	66	42

* Indicates the tower and tracon are combined

SAFETY INSPECTOR TRAINING

SENATOR LAUTENBERG: A report submitted by FAA last spring revealed that training remains a significant problem in your inspection program. Many of your inspectors had not yet completed mandatory courses. What have you done to improve the training of the inspections workforce?

ANSWER: Under Project SAFE the FAA is revising all inspector job functions training, including the mandatory indoctrination training required for all new aviation safety inspectors. New training modules, developed by the Allen Corporation, are being introduced into FAA Academy training as they are finalized.

SENATOR LAUTENBERG: What is your schedule for completion of all mandatory courses for the various inspection specialties?

ANSWER: For the past several months the number of inspectors awaiting initial training has been about 50. Because hiring has occurred on a continual basis some inspectors will always be waiting for initial training. Air carrier operations, air carrier airworthiness, and general aviation airworthiness inspectors have been waiting between one to two months, and general aviation operations inspectors have averaged two to three months for training. The backlog is subject to continuous change based on regional hiring rates and FAA Academy Class schedules. The goal is to have all inspectors begin initial training within their first two months.

SENATOR LAUTENBERG: Does the program require completion of all mandatory courses before the optional courses? If not, why not?

ANSWER: Mandatory training must be completed, with rare exceptions, prior to an inspector being scheduled for any optional training. Exceptions would occur when, for example, an operations inspector was unable to complete the flight portion of the indoctrination course due to the unavailability of an airplane and had to be rescheduled.

INSPECTION WORKLOAD

SENATOR LAUTENBERG: Your budget projects a workload of over 80 inspections per air carrier inspector in fiscal 1989. Is this consistent with the staffing standard?

ANSWER: In FY 1989 we project that, based on 2,498 authorized aviation safety inspector positions, 247,440 inspections would be performed or 99 inspections for each position. Based on the proposed end-of-year employment figure of 2,373 the average would be 104 inspections. The projection of inspection workload is not broken down between air carrier and general aviation inspectors.

SENATOR LAUTENBERG: How much time does the average inspection require?

ANSWER: The job task analysis completed by the Allen Corporation of work performed by aviation safety inspector contains 25 inspection job tasks for operations inspectors and 31 job tasks for airworthiness inspectors. Nine of the 66 tasks require more than 1 day to complete and only three of those require more than 3 days. The average inspection activity requires less than 4 hours to complete. The three activities of more than a 3-day duration are an airworthiness main base inspection, which requires 100 hours, an airworthiness inspection of an evaluation program for U.S. registered aircraft for a foreign air carrier at 45 hours and an operations inspection of a Part 121 or Part 135 training program which requires 200 hours to complete.

SENATOR LAUTENBERG: How much time do longer, more in-depth inspections require?

ANSWER: In-depth inspections are performed by regional teams or by teams drawn from across regional lines under the National Aviation Safety Inspection Program (NASIP). In FY 1986 NASIP teams used 10,859 workdays on-site to perform NASIP activities at the 18 air carriers and 20 repair stations inspected. In FY 1987 NASIP teams were on-site for 8,203 workdays. During that time 8 Part 121, 3 Part 135, 14 Part 141, 13 Part 145 and 5 cargo only carriers were inspected. Preparation and follow-up time is not accounted for in the figure cited above. Comparable figures are not available for regionally conducted in-depth inspections.

SENATOR LAUTENBERG: What is the usual distribution of inspections by time consumed? That is, provide a table displaying the number and percentage of total inspections requiring less than 1 day, less than 3 days, and more than 3 days.

ANSWER: All NASIP inspections required more than 3 days on-site in both FY 1986 and FY 1987.

Operator Type Inspected	Range of Team Size	Range of Days On-site per Inspector	Manyears
FY 86 Turbine Engine Repair Stations (20)	4	5-12	1.956
FY 86 Part 121 Air Carriers (18)	7-23	19-118	46.307
FY 87 Part 121 Air Carriers (9)	12-34	25-47	24.489
FY 87 Part 135 Commuters (3)	12-15	25-26	4.607
FY 87 Part 141 Pilot Schools (14)	4-8	7-11	3.115
FY 87 Part 145 Repair Stations (9)	3-12	5-13	3.640
FY 87 Part 121 Cargo Only (5)	4	5-10	.604

AVIATION STANDARDS MISCELLANEOUS INCREASES

SENATOR LAUTENBERG: You are requesting $92,000 for "contractual support to develop, edit, correct, and type advisory and regulatory material used in the Aircraft Certification Program."

Why are you proposing to contract out this regulatory activity?

ANSWER: The agency is not proposing to contract out the certification regulatory activity. The responsibility and authority to issue the advisory and regulatory material referenced in our request is inherently governmental and will remain with the FAA. The activities provided by contractors involve tasks which, in themselves are not inherently governmental, (i.e. special studies, fact finding, data reduction, summarization of comments, etc.) in order to obtain needed short term knowledgeable expertise and intermittent clerical support.

SENATOR LAUTENBERG: Why is FAA unable to accomplish this work in-house?

ANSWER: The FAA does not have the needed resources to provide for the data collection, reduction, analysis and formatting necessary in all cases. Rather than ask Congress for additional people to supply the skills, which are needed, on a part time basis, the contracting tool is utilized. This is in keeping with the Office of Management and Budget Circular No. A-76, Performance of Commercial Activities.

SENATOR LAUTENBERG: Is there precedence for this contract?

ANSWER: We do have precedence for the activities associated with developing the regulatory bases, summarizing comments, and preparing drafts based upon our detailed direction, and for intermittent clerical support.

SENATOR LAUTENBERG: If so, please describe it and identify the contractors.

ANSWER: Fred Emery Associates has a contract to summarize comments, dispose of comments based on technical discussions with FAA personnel and produce draft regulatory documents under FAA guidance and direction. There are two such contracts, one deals with legislation by Congress which requires for the issuance of CVR/FDR rule for commuter aircraft within 120 days, and the other deals with distance between aircraft exits.

SENATOR LAUTENBERG: You are requesting $250,000 to contract for a "job task analysis" of the aviation medical program. What is wrong with existing job descriptions in this program?

ANSWER: The job task analysis that we are contracting for goes far beyond revising job descriptions. The purpose of the job task analysis is to achieve improvements in resource utilization and effectiveness. It will provide procedures mapping and identify necessary training and career progression needs and, where feasible, determine the time required to complete job tasks. Of course, it will also produce accurate job descriptions for all medical personnel. In most cases, these job descriptions are out of date and do not clearly define current job tasks adequately.

SENATOR LAUTENBERG: Why is the management of this program unable to conduct such an analysis, if one is needed?

ANSWER: To conduct the kind of job task analysis that we envision requires specific, detailed skills that our managers do not have. The hiring of a contractor will also enable program managers to obtain an independent and objective analysis of the job tasks being performed by medical personnel on an agency-wide basis. The data collected will enable managers to better determine staffing requirements, to develop staffing standards, to standardize position descriptions, and to establish career planning and development needs for each medical employee. Existing workloads make it impossible to divert personnel from other critical functions to assist in conducting the study.

A-76 CONTRACTING OUT

SENATOR LAUTENBERG: Your budget assumes that you will save 876 FTE's and $13 million through contracting out certain activities under OMB A-76 procedures. How confident are you that you will be able to realize savings without losing important capabilities?

ANSWER: The FAA is continuing to evaluate each commercial activity that is reviewed to assure that essential services required for the safe operation of the National Airspace System are provided. This has sometimes resulted in exempting a commercial function from the A-76 process or achieving savings from a phased-in, direct contracting method.

SENATOR LAUTENBERG: Your budgets for the past several years have included similar A-76 savings. How successful have you been in achieving them?

ANSWER: Projected FTE savings were sigificantly over estimated in the past. We have achieved fewer savings than estimated. This is due in part because projections were made using standard assumptions for the total number of FTE's reviewed and optimistic schedule assumptions. Some completed studies have resulted in activities being exempted from contracting, or remaining in-house as a result of cost comparisons. Also, management efficiency studies have not produced the savings that were initially projected.

SENATOR LAUTENBERG: Provide for the record a comparison of projected and actual A-76 savings for fiscal years 1982-1988.

ANSWER: The cumulative projected A-76 savings for fiscal years 1982-1987 was 1,436 FTE's. The actual amount saved during this period was 908 FTE's, resulting in a cumulative FTE shortfall of 528. An additional 462 FTE's are projected for FY 1988; however, the actual results will not be known until the end of this fiscal year.

FY 1988 MAINTENANCE TECHNICIAN INCREASE

SENATOR LAUTENBERG: In FY 1988, the committee provided over 300 more FTE's to increase field maintenance staffing. Your justification, however, shows an increase in end-of-year employment from FY 1987-1988 of only 33 people. Please explain this discrepancy?

ANSWER: We actually committed ourselves, through internal agency fiscal adjustments at the end of FY 1987, to bring more people on board than was originally intended. We purposely generated this higher employment level by hiring 281 new field maintenance personnel late in FY 1987. This was done to stay ahead of the projected first half of the next year attrition rate and to provide a start on a training pipeline. That has resulted in the appearance of only a small increase in end-of-year employment for FY 1988.

SENATOR LAUTENBERG: What happened to the additional $10 million for 325 FTE's?

ANSWER: The $10 million was used to fund the staff hired at the end of FY 1987, in accordance with the intent of Congress.

FERS

SENATOR LAUTENBERG: Provide for the record a table outlining your estimated costs for FERS in FY 1988.

ANSWER: For the Operations Appropriation, the estimated FERS costs reported for FY 1988 in the FY 1989 Congressional budget are:

FEDERAL EMPLOYEES RETIREMENT SYSTEM
($000)

PROGRAM	CONGRESSIONAL FY 1988
Air Traffic	$32,436.0
Systems Maintenance	10,685.7
Leased Telecommunications	0.0
Installation & Materiel	1,383.0
Aviation Standards	3,440.5
Airports	734.0
Direction Development	467.0
Direction, Staffing & Support Services	859.0
Human Resource Management	1,897.0
Total FERS*	$51,902.2

* The total FERS includes no year carryover funds ($13.7 million) and excludes the Agency's estimated cost for Old Age and Survivors Disability Insurance (OASDI) for FERS employees.

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SENATOR LAUTENBERG: Provide for the record the assumptions with respect to conversions and new hires on which these estimates were based.

ANSWER: The FAA's personnel and cost estimates for FERS are based on actual FERS percentages published by the Office of Management and Budget. The FAA's estimates were adjusted for anticipated FTE growth, annualization of new employees and the estimated rate of retirements. The distribution of FERS employees between post 1983 hires and switchers is based on information from the FAA's Personnel Management Information System.

For FY 1989, it is estimated that 20% of the FAA's employees for the Operations Appropriation will be covered by FERS. For the Operations Appropriation, the projected percentage of FY 1988 salaries arrayed by type of retirement plan is:

Civil Service Retirement System	84.8%
Federal Employees Retirement System Post 1983 Hires	14.4%
CSRS Switchers	0.8%

SENATOR LAUTENBERG: Provide for the record your actual experience to date.

ANSWER: As of March 31, 1988, the FAA has obligated $27.5 million for FERS against the Operations Appropriation. During the second half of FY 1988, the FAA expects to obligate an amount greater than $27.5 million for FERS because the employment is anticipated to increase at a greater rate.

The FAA's projections are on target for the percentage of employees and salaries subject to FERS. FY 1988 cumulative data through March 31, 1988, for the Operations Appropriation, shows that 21.6% of employees and 15% of salaries are classified as relating to FERS.

SENATOR LAUTENBERG: Provide for the record the difference, if any, between the costs projected and incurred for the first half of fiscal 1988.

ANSWER: For the Operations Appropriation, the total estimated fiscal year costs for FERS is $51.9 million. For a half a year, the expected costs for FERS is approximately $25.9 million. For the first six months of the FY 1988, the FAA obligated $27.5 million for FERS. Currently, the FAA is projecting that total FY 1988 obligations for FERS will equal $56.1 million.

FY 1988 obligations for FERS are expected to be about 8% higher than the amount budgeted for FERS. The difference is due primarily to the limited degree of information that was available upon which to base our budget estimate for FERS.

SENATOR LAUTENBERG: Provide for the record your estimated FERS cost by Activity.

ANSWER: For the Operations Appropriation, the estimated FERS costs reported in the FY 1989 Congressional Budget are:

FEDERAL EMPLOYEES RETIREMENT SYSTEM
($000)

PROGRAM	CONGRESSIONAL FY 1989
Air Traffic	$43,779.0
Systems Maintenance	13,360.5
Leased Telecommunications	0.0
Installation & Materiel	1,850.0
Aviation Standards	5,213.7
Airports	734.0
Direction Development	243.0
Direction, Staffing & Support Services	1,097.0
Human Resource Management	1,379.0
TOTAL FERS*	$67,656.2

* The total excludes the agency's estimated cost for Old Age and Survivors Disability Insurance (OASDI) for FERS employees.

SENATOR LAUTENBERG: Provide for the record the assumption with respect to conversions and new hires on which these estimates were based.

ANSWER: The FAA's personnel and cost estimates for FERS are based on actual FERS enrollment data as of December 31, 1987 rather than the FERS percentages published by the Office of Management and Budget. The FAA's estimates were adjusted for anticipated FTE growth, annualization of new employees, expected average grade level for FERS employees and the estimated rate of retirements. The distribution of FERS employees between post 1983 hires and switchers is based on information from the FAA's Personnel Management Information System.

For the Operations Appropriation, the projected percentage of FY 1989 salaries arrayed by type of retirement plan is:

Civil Service Retirement System	83.6%
Federal Employee Retirement System Post 1983 Hires	15.4%
CSRS Switchers	1.0%

FAA OFFICE AUTOMATION

SENATOR LAUTENBERG: During Administrator Helms' tenure at the FAA a great deal of emphasis was placed upon information resource management systems. In view of this past priority, what are FAA's current plans in terms of cost and schedule for office automation and other programs supporting this FAA initiative?

ANSWER: In 1987, the FAA began to implement a change in the direction of its long-range ADP plans. The new direction is designed to take advantage of the new emerging technological advances, while eliminating costly procurement delays. The plans called for implementation of an all encompassing office automation project, Office Automation Technology and Services (OATS), and for the procurement of a new "common system" which would serve as the backbone of our data processing services, Computer Resources Nucleus (CORN).

The Request for Proposal (RFP) for OATS was issued September 1987 and the current schedule calls for a February 1989 award. When in place, OATS will provide a single procurement mechanism for office automation hardware, software, inter- connectivity, training, and technical support. The General Services Administration has granted a Delegation of Procurement Authority (DPA) for OATS in the amount of $853 million. Provision has been made via OATS for all of DOT to procure equipment and services under this umbrella contract. The contract could extend over an 8-year period.

CORN will provide the backbone for the overall data processing needs for the agency. It uses a single contract vehicle whereby all automatic data processing equipment and facilities are contractor-provided. Under CORN, a contractor will provide ADP support for FAA's information management needs for up to the next ten years. The RFP for CORN is scheduled to be issued May 1988 and the anticipated date of March 1989 is set for contract award. The FY 1989 budget request to support CORN contains $27.4 million in the F&E appropriation and $1.8 million in the Operations Appropriation. The DPA issued by GSA for the overall CORN procurement is $1.6 billion.

SENATOR LAUTENBERG: How is FAA attempting to minimize the cost inefficient diversity of incompatible hardware and software of micro and mini computers which proliferate within the FAA?

ANSWER: In August 1986, FAA formally chartered a project known as Office Automation Technology and Services (OATS) to address the question posed. OATS was borne out of the need to provide standardization of equipment within FAA and to alleviate the many inefficiencies associated with multiple procurements of hardware and software. The FAA currently has 54 brands among 3,700 workstations which lack the ability to allow for an integration of hardware. OATS will provide (via a single vendor source) a contract mechanism whereby our offices and services can acquire on as needed basis, the required hardware, software and support services. It will also provide for technology refreshment so that the vendor can offer the latest product offerings without having to recomplete a contract. OATS is expected to be awarded in February 1989. Its contract capability will be available not only to FAA offices, but to the Department of Transportation at large.

SENATOR LAUTENBERG: How will FAA insure that the future computer systems used throughout the FAA are both easy to learn and use and will support widespread computer based training requirements?

ANSWER: Through the Office Automation Technology and Services (OATS) procurement contract, the vendor will be required to provide training in the following areas:

- Operation and care of office automation (OA) equipment.
- Basic computer literacy.
- Essential features of the operating systems.
- Operation and usage of all applications ordered under the contract.
- Usage of the integration environment.

Such training will be delivered in the traditional fashion, with hands-on experience used as much as possible. In addition, computer assisted instruction courses must be prepared for each of the above areas such that they can be used for refresher and attrition training. Initial training will begin after equipment has been tested and accepted. A telephone hotline and electronic bulletin board will also be available to provide immediate support in response to urgent hardware or software problems.

SENATOR LAUTENBERG: What action is the FAA taking to mitigate delays in this process for procurements, like office automation, which falls outside of the "Brown Book NAS Plan" review?

ANSWER: With FAA's Office Automation Technology and Services (OATS) program, FAA and other elements of the Department of Transportation will be able to expedite the procurement office-based information technology and services. Once the OATS contract is in place, office will be able to procure office automation equipment on a 30-60 day schedule. FAA recently sought a delegation of procurement authority from the Office of the Secretary of Transportation to increase FAA's threshold in processing procurements up to $150\million. This authority which has now been granted is expected to reduce the amount of time to process procurements.

SENATOR LAUTENBERG: In the case of information management resource systems, especially office automation, where does the organizational priority and focus lie?

ANSWER: FAA's focus on information management resource systems is delineated in a document called the Information Resources Management (IRM) - Polices and Procedures, FAA Order 1370.52B. This order specifies the manner in which IRM systems will be implemented within the FAA. Each office and service throughout FAA is responsible for identifying and documenting their requirements and for providing the dollars to fund the equipment and support identified. An Information Resource Management Program Office within the Office of Management Systems has the responsibility for coordinating and integrating the efforts of the vertical organizations such as air traffic, airports, and aviation standards into an effective and efficient whole.

SENATOR LAUTENBERG: Is FAA attempting to force suppliers of office automation to adopt any unique government standards not supported in the commercial environment? If so, why? (Considering the rapid technological changes in the personal or micro/mini computer marketplace.)

ANSWER: No. The OATS Request for Proposal (RFP) issued September 29, 1987 requires adherence to a Federal Information Processing Standards (FIPS) developed by the National Bureau of Standards, in conjunction with a large segment of the office automation industry.

ATC SYSTEM CAPACITY

SENATOR LAUTENBERG: A number of short term efforts have been announced under the Impact '88 program favorably affecting airspace capacity. What are the midterm programs identified and planned within the next 5 years to improve overall air traffic control system capacity and efficiency?

ANSWER:

1. Simultaneous Converging Instrument Approaches (SCIA) (Ongoing)

FAA Order 7110.98 (4/3/86), defines criteria and procedures for conducting SCIA's in instrument weather conditions. Several airports have implemented these procedures and more than 25 sites have been identified by air traffic division managers for potential SCIA applications. The provisions of FAA Order 7110.98 are expected to be reviewed by Air Traffic and Flight Standards during 1988 to improve the criteria/minimum contained therein.

2. Converging and Closely Spaced Parallel Runway Demonstrations (1988-93)

Operational demonstrations of parallel and converging runway approaches are scheduled to begin in 1988 at Memphis, Tennessee, and Raleigh-Durham, North Carolina. These demonstrations will use special beacon sensors and display systems, pilots, aircraft simulators, live aircraft, and FAA controllers to determine the extent of safety, technical feasibility, and utility of allowing simultaneous and independent instrument approaches to parallel runways separated by less than 4,300 feet and converging runways having an included angle between 15 and 100 degrees.

3. Dependent Parallel ILS Approaches with Improved Diagonal Separation (1988-90)

Currently, dependent parallel operations are permitted on runways that are separated by 2,500 feet or more. Aircraft on adjacent approaches must be separated by a minimum of 2 NM radar separation. A proposal has been made to demonstrate the potential to provide a minimum of 1.5 NM radar separation between aircraft on adjacent parallel ILS/MLS final approach courses.

Based upon research conducted by the MITRE Corporation, utilizing MITRE model (FAA-EM-80-20, Vol. 1) and actual air traffic experience with 2 NM radar separation to dependent parallel runways, dependent IFR parallel approaches with 1.5 NM diagonal separation appears beneficial, feasible, and safe. An operational test is being developed to demonstrate and evaluate the operational effectiveness of this proposal.

4. Reduced Longitudinal Separation (Ongoing)

Reduced longitudinal separation (2.5 NM inside the Final Approach Fix (FAF)) was implemented on November 26, 1986. This program contains specific criteria which must be met, including a required review by ATO-300.

ATO-300 has approved these operations at 14 locations with 7 locations pending implementation. These procedures provide the potential capacity gains of 3 to 5 arrivals (per runway) per hour.

A Wet Runway Test Plan is being developed to collect Runway Occupancy Time (ROT) data. This demonstration will be conducted similar to the dry runway test, and if wet ROT's meet the 50-second criteria, reduced separation could be authorized on wet runways.

5. Localizer Directional Aid (LDA) (Ongoing, based upon specific sites)

Simultaneous ILS/LDA/DME approaches have been authorized at specific locations to increase airport capacity. These approaches provide simultaneous arrival capabilities to visual conditions when visual approaches are not authorized/practical.

St. Louis-Lambert International Airport was authorized to conduct simultaneous ILS/LDA/DME approaches to Runways 12L/R on 9/28/84, and to Runways 30L/R on 9/28/87. Capacity gain has averaged 18 arrivals per hour whenever these procedures are utilized.

San Francisco Airport is presently developing procedures for the application of simultaneous ILS/LDA/DME approaches to Runways 28L/R.

6. Simultaneous Use of Intersecting Runways (Wet Runway Demonstrations) (Ongoing with turbojet demonstration in 1989)

An exception to FAA Order (Handbook) 7110.65E was approved to Baltimore ATCT and Boston Logan ATCT permitting simultaneous use of intersecting wet runways for a demonstration. The exception permits simultaneous intersecting runway operations during wet conditions to be conducted with groups 1 and 2 aircraft on distances of 4,500 feet or more, and with group 3 aircraft on distances of 6,000 feet or more. All turbojet aircraft have been excluded from the demonstration at the request of the Office of Flight Standards. However, expectation is to expand this program to turbojets and other aircraft groups.

7. Reduced Separation Criteria Between VFR Aircraft in TCA's (Ongoing)

An exception to FAA Order (Handbook) 7110.65E dealing with the National Terminal Radar Program began testing March 10, 1988, at the Los Angeles TRACON. This exception is designed to evaluate the use of ARSA separation standards in the Los Angeles TCA.

This exception changes the requirement from 500 feet vertical or 1 1/2 NM lateral separation to conflict resolution and, additionally, requires mandatory traffic advisories and safety alerts between VFR aircraft.

8. Enhanced Traffic Management System

a. Aircraft Situation Display 7/87

ASD provides the capability for near real time display of position and track history of all NAS tracked aircraft operating in the NAS.

b. Monitor Alert Capability 6/88

Monitor Alert provides a continuous capability to monitor demand versus system capacity.

c. Automated Demand Resolution 6/89

Automatically analyzes traffic demand conditions and provides a listing of alternate strategies that will resolve the excess demand situation.

d. Alternative Selection 6/90

Ranks other alternative resolutions based on the overall delay produced by each so that the most effective strategy can be selected.

e. Directive Distribution Function 6/91

Considers the selected strategy, determines the individual facilities involved, calculates aircraft specific adjustments within those facilities to implement the strategy, generates the flow directive, and automatically distributes the directives to the affected facilities.

9. Traffic Management System (TMS) phase II enhancements

a. Departure Spacing Program 9/89

An automated aid for coordinating aircraft departures from airports within center's airspace subject to spacing restrictions.

b. Automated En Route Spacing Program (ESP) - Enhanced Arrival Sequencing Program (ASP)

package one delivery 10/89
package two delivery 7/90

ASP is an automated aid to meet arrival fix times and properly sequencing aircraft for landing at an airport or group of airports.

ESP is an automation aid to properly space and sequence en route aircraft subject to spacing restrictions.

SENATOR LAUTENBERG: Now that the TCAS II system is being successfully operated by a few test carriers, what plans does FAA have to apply the TCAS system to increase Air Traffic Control system capacity and efficiency as well as safety?

ANSWER: The use of the TCAS traffic advisory display will be evaluated during the tests at Raleigh Durham and Memphis. In the oceanic environment, TCAS, in conjunction with automatic dependent surveillance, may support reduced separations. These reduced separations would permit more aircraft to operate in the regions of airspace where winds are most favorable thereby improving fuel efficiency. The collision risk analyses required to determine the reduced separations that may be feasible are just beginning and will not be completed prior to FY 1990.

CONTROLLER OVERTIME

SENATOR LAUTENBERG: Identify those ATC facilities whose controllers are routinely either expected or required to work overtime.

ANSWER: Almost all air traffic facilities experience some overtime usage. While the reasons for such usage vary, generally overtime is used to backfill for training, and for both scheduled and unscheduled annual and sick leave.

SENATOR LAUTENBERG: Please update the chart on page 665 of Senate Hearings 100-352 regarding estimated and actual overtime.

ANSWER: The following table depicts estimates as shown Congressional budgets versus actual usage by option:

CENTERS	Estimate		Actual	
	Hours	Amount ($000)	Hours	Amount ($000)
1981	**	**	313,410	$8,974
1982	**	**	977,289	$30,574
1983	749,629	$26,481	689,453	$22,351
1984	621,688	$20,845	672,559	$21,170
1985	476,725	$15,138	627,000	$19,005
1986	585,125	$18,906	444,000	$12,720
1987	326,659	$11,873	429,000	$11,590

TOWERS	Estimate		Actual	
	Hours	Amount ($000)	Hours	Amount ($000)
1981	**	**	418,616	$10,249
1982	**	**	842,590	$22,619
1983	785,115	$23,736	469,407	$13,143
1984	395,980	$11,230	383,288	$10,066
1985	338,608	$8,496	285,000	$7,725
1986	293,870	$7,838	241,000	$6,068
1987	236,341	$7,544	341,000	$9,359

** Information not available

PLAN VIEW DISPLAYS

SENATOR LAUTENBERG: Is there a shortage of plan view displays and other related equipment?

ANSWER: There is a shortage of plan view displays (PVD's). However, we have been able to meet all current operational requirements by using those indicators from other resources that are not assigned for operational use. An inventory has been completed of all PVD resources available in the system and their current use. The results of this effort identified resources needed to meet operational requirements through CY-1989.

SENATOR LAUTENBERG: What is the extent of the shortage?
ANSWER: We have been unable to expand training facilities (DYSIM) at the Academy in Oklahoma City and a number of our ARTCC's. We have been evaluating alternative ways to satisfy these requirements.

SENATOR LAUTENBERG: Is it adversely affecting the ability to provide needed ATC services? If so, how?
ANSWER: No, it is not adversely affecting our ability to meet operational and training requirements at this time. However, it could have an impact on our training program and future sector expansion beginning in the 1990 timeframe.

SENATOR LAUTENBERG: If not, why?
ANSWER: As previously stated, we have been and expect to be able to meet all operational requirements through December 1989. The PVD's required to meet operational needs have been accomplished through redistribution and use of other resources.

AAS RISK REDUCTION TASKS

SENATOR LAUTENBERG: What was the cost of the risk reduction tasks and the additional testing done as a result of Congressional direction?
ANSWER: The design competition phase included $17.2 million in FY 1988 to accomplish the risk reduction tasks and additional testing. In addition to government funding, both contractors contributed substantial funds of their own to further reduce risk in critical areas.

SENATOR LAUTENBERG: How did the program benefit from this risk reduction and testing work?
ANSWER: The risk reduction tasks contributed very significantly to the design competition phase, both in reducing technology risk in key areas like the local communication networks and in realistic appraisal and reduction of risk associated with the use of the Ada programming language.

SENATOR LAUTENBERG: What other major NAS Plan projects have cost growth due in large part to underestimates of program complexity?
ANSWER: There have been no major NAS Plan projects (other than AAS) that have experienced cost growth due to understatements of complexity. There have been increases to the NAS Plan attributed primarily to the addition of new programs such as TDWR, Loran C, New York TRACON and transfer of VSCS from RE&D. There have been offsetting cost reductions in NAS Plan programs as well. MLS, for example, has taken advantage of improved technology and we have reduced our cost estimates by almost $700 million since the original (1981) MLS estimates.

SENATOR LAUTENBERG: What is the latest estimated cost of the design competition phase and the acquisition phase and the latest schedule?

ANSWER: The design competition phase of the Advanced Automation System (AAS) is estimated at $.7 billion. The F&E cost of the acquisition phase of AAS is estimated to be between $4.3 and $5.1 billion, depending on the degree of consolidation. Our current schedule is:

	Operational Readiness Date
o Contract award	7/88
o First Initial Sector Suite System	9/93
o First Terminal Area Automation System	5/95
o Last Initial Sector Suite System	7/95
o First Area Control Computer Complex	6/96
o Last Terminal Area Automation System	2/97
o Last Area Control Computer Complex	5/98

TRANSPONDER RULE

SENATOR LAUTENBERG: Last year you testified that there were no limitations in terminal automation equipment that would preclude the expansion of the Mode C transponder rule to all radar control areas. You stated that the systems "are either capable of handling the increased processing requirement or can be expanded to satisfy the demand."

Identify those ATC facilities that now have the capability to handle the additional requirement.

ANSWER: All of our ARTS IIIA ATC facilities have the immediate capability to handle the current usage of Mode C transponders.

Approximately 70 percent of our ARTS facilities will reach maximum capacity before replacement by the Advanced Automation System. This situation is being addressed by our interim support plan which will provide the additional computer system components to satisfy the growing system capacity requirements.

SENATOR LAUTENBERG: Would those same facilities also be capable of implementing a Mode C intruder program? If not, what would have to be done to achieve that capability?

ANSWER: The ARTS IIIA systems at most sites cannot handle the Mode C intruder function. To implement Mode C intruder at ARTS IIIA locations, additional processors and software will have to be added. Procurement actions for additional hardware will be initiated in FY 1989. Software development of the Mode C intruder function for ARTS IIIA facilities is already part of NY TRACON program.

SENATOR LAUTENBERG: Identify those facilities that would have to be "expanded" and the estimated costs to do so.

ANSWER: All ARTS IIIA facilities would have to be "expanded" at an estimated preliminary cost of $70 million for Mode C intruder implementation. This assumes the changeout of core memory with solid-state memory has been accomplished under the Interim Support Plan.

GROUND PROXIMITY WARNING SYSTEMS

SENATOR LAUTENBERG: What is the status of a proposed rulemaking to require installation and use of ground proximity warning systems in commuter aircraft operated under Part 135 of FAR?

ANSWER: The FAA has an active rulemaking project to revise FAR Section 135.153 to change the word "turbojet" to "turbine powered". This would add turbopropeller airplanes to the applicability.

Current in-house resources are devoted to higher priority rulemaking projects. We plan to utilize contractor support for this project as soon as funding is available.

SENATOR LAUTENBERG: What is the number of passenger seats to which the rule will apply?

ANSWER: The proposed rule would apply to aircraft with 10 or more passenger seats.

AAS SECTOR SUITES

SENATOR LAUTENBERG: The committee has been informed that teams of working air traffic controllers have participated in the evaluation of the initial sector suites developed by the two contractors competing for the advanced automation system contract. How were the controllers selected? (Explain methodology used.)

ANSWER: The size of the team is determined by the planned activities for the team. As a minimum, one representative from each of the nine FAA regions is selected. FAA headquarters contacts regional offices and requests team members who meet the established criteria for that team. Based on the objectives of the particular team, the following criteria are considered:

ATC Option (Terminal or En Route)
Geographical Location (for travel and ATC related diversity) and Level of ATC Experience
Special Expertise (Oceanic Controller, Operational Supervisor, Traffic Management Specialist)
Availability for Participation

When the list of regional nominees is compiled, the chairperson of the team and the branch manager will select the nominees who best meet the goals and objectives of the team.

SENATOR LAUTENBERG: How does the selection methodology insure that the results will be representative of the controller work force?

ANSWER: In addition to the selection criteria described in the previous question, emphasis is also placed on selection of members that constitutes a genuine cross-section or, in some cases, a diagonal slice of the ATC work force. The following list represents the job positions/duties of the members of the team:

FPL Controller, Level III ARTCC
Area Supervisor, Level III ARTCC
Automation Manager, Level V TRACON
Area Supervisor, Level II ARTCC
Automation Specialist, Level V TRACON
Area Supervisor, Level II TOWER
Air Traffic Manager, Level III ARTCC
FPL Controller, Level III TRACON
Plans and programs specialist, Level II ARTCC
Area supervisor, Level III ARTCC
Area manager, Level IV TRACON
FPL Controller, Level II Tower
Automation manager, Level III ARTCC
FPL Controller, Level II ARTCC (Alaska)
Air traffic manager, Level II TRACON
Headquarters ATC Procedures specialist
Headquarters automation specialist

SENATOR LAUTENBERG: How many controllers have participated in the evaluations and where were they drawn from?

ANSWER: Since 1982, 128 personnel from ATC field facilities have participated in operational input team activities. The total attrition has been 27 members, including the team of 10 members which was disbanded due to completion of the mission. These team members have been drawn from the following locations:

Kansas City ATCT
Eastern Region Hdqtrs.
Seattle ARTCC
Miami ARTCC
Houston ARTCC
Boston/Logan Tower
Anchorage ARTCC
Salt Lake City ARTCC
Detroit Metro Tower
Charlotte, NC, Tower
Albuquerque ARTCC
Portland, ME Tower
Washington/Dulles Tower
Waterloo, IA, Tower
Minneapolis ARTCC
Houston Tower
New York ARTCC
Los Angeles ARTCC
Chicago/O'Hare TRACON
Washington ARTCC
FAA Academy
Headquarters Procedures Division
Flint, MI, Tower
Dallas/Fort Worth Tower
Philadelphia Tower
Cleveland ARTCC
Tampa Tower
Oakland ARTCC
Wichita Tower
Kansas City ARTCC
Denver Tower
Atlanta ARTCC
Jacksonville ARTCC
Sacramento TRACON
Indianapolis ARTCC
Des Moines, IA,Tower
Fort Worth, ARTCC
Boston ARTCC
San Diego, CA, TRACON
Nashville, TN, Tower
Hartford, CT, Tower
Air Traffic Field Evaluations Branch, Dallas, TX
FAA Technical Center
Headquarters Automation Division

SENATOR LAUTENBERG: What are the specific concerns of the Air Traffic Service about NAS plan benefit claims for productivity gains associated with AAS?

ANSWER: Air Traffic's concerns in this area are as follows:

1. Transition from today's system to the ISSS workstations and the radical changes in controller/machine interface. Human factors, man/machine interface, and air traffic operational considerations must be given continued attention in the development of the advanced automation system.

2. Even with optimized training for the controller work force, it is not known how productivity will be impacted during the period of adjustment to the new concept of electronic presentation of flight data information versus the paper flight progress strips used today.

3. Future automated tools to assist the controller in aircraft conflict detection and resolution (e.g., automated en route air traffic control) must be developed with focus on enabling the controller to handle flights more efficiently.

SENATOR LAUTENBERG: Has the Air Traffic Service determined the number of controllers needed to staff the new sector suites during busy traffic periods?

ANSWER: Yes.

SENATOR LAUTENBERG: If the determination has been made, what were the results?

ANSWER: A maximum of four controllers is anticipated in a single sector suite during heavy traffic periods. However, the ISSS provides flexibility for efficient use of available personnel that we have not had before. Through rapid reconfiguration of sector suites, we are able to meet "real time" traffic demands. Staffing requirements are being developed for training, implementation, transition, and fully operational stages of the sector suite implementation. Staffing requirements for training and implementation stages are being included in the FY 1990 budget at this time.

SENATOR LAUTENBERG: What is the current schedule for completion of the following tests:

1. Operational tests and evaluation of the ISSS with the HOST computer system.

2. Technical intro-operability tests of controller workstations with area control computer complex hardware and software.

3. Full OT&E of controller workstations with the terminal ATC functions of ACCC hardware and software.

ANSWER: The current schedule for Operational Test and Evaluation (OT&E) of the ISSS with the Host Computer System at the FAA Technical Center is to begin in July 1991 and to conclude in April 1992.

Inter-operability testing of controller workstations with the Terminal Advanced Automation System (TAA) at the prime contractor's plant is also planned to conclude in April 1992. Please note that the TAA system consists of area control computer complex hardware and terminal ATC functional software.

The current schedule for OT&E of the TAA system at the FAA Technical Center is to begin the testing June 1992 and conclude it in March 1994.

NAS PLAN PROJECTS BEYOND 1992

SENATOR LAUTENBERG: Please update the table on p. 638 of the FY 1988 Senate hearings showing for the latest NAS Plan, the projects in the Plan which will have implementation dates beyond 1992 and the latest estimated implementation date.

ANSWER: An updated table showing 1988 NAS Plan projects beyond 1992 and the latest estimated implementation dates is provided below.

1988 Plan Projects Beyond 1992	Implementation Date
Traffic Management System (TMS)	1995
Voice Switching and Control System (VSCS)	1993
Advanced Automation System (AAS)	2000
Automated En Route Air Traffic Control (AERA)	2001
Area Control Facilities (ACF)	1999
Tower Communication Systems (TCS)	1998
Flight Service Automation System (FSAS)	1994
Central Weather Processor (CWP)	1996
Aeronautical Data Link (Formerly WCP/Data Link)	1993
Automated Weather Observing System (AWOS)	1994
Global Positioning System (GPS) Monitors	1997
Microwave Landing System (MLS)	2004
Runway Visual Range (RVR)	1994
Mode S	1995
Long Range Radar Program	1996
Weather Radar Program	1996
Terminal Doppler Weather Radar (TDWR)	1996
Data Multiplexing	1995
RML Replacement and Expansion	1993
National Airspace Data Interchange Network (NADIN II)	1995
Radio Control Equipment (RCE)	1999
Computer Based Instruction	1997
Maintenance Control Center (MCC)	1995
Large Airport Cable Loop Systems	1996
ARTCC Plant Modernization	1996
System Engineering and Integration (SEI) Contract	1994
National Radio Communications System (NARACS)	1993
System Support Laboratory	1993
Technical Support Services	1997

AIRPORT IMPROVEMENT PROGRAM GRANTS

SENATOR LAUTENBERG: Under the discretionary portion of the AIP, what weight is given to completing projects already in progress vis a vis new projects including planning studies?

ANSWER: Generally, greater weight is given to on-going as opposed to new projects or planning at airports with similar activity levels. However, where important new development is needed we will do our best to direct funds to both the new and on-going projects.

SENATOR LAUTENBERG: Last year you stated that you proposed to make noise mitigation projects eligible for funding from the Capacity Discretionary Fund if such work would relieve or avoid capacity constraints.

To what extent (minor, moderate or major) do noise problems constitute a barrier to capacity improvements?

ANSWER: It varies. We could make the case that noise problems are a major barrier to capacity improvements since the greatest objection to any major new airport development could be expected from residents opposed to noise pollution. At existing airports, noise problems prevent some expansion projects but this is less of a problem and may be categorized as moderate to minor.

SENATOR LAUTENBERG: What do you estimate will be the percentage of AIP Discretionary Funds which could be targeted to noise mitigation projects in fiscal year 1989?

ANSWER: Legislation requires that 10% of a year's funding be applied toward noise mitigation projects and we will spend at least that amount.

SENATOR LAUTENBERG: What New Jersey airports benefit from noise mitigation projects?

ANSWER: Currently, school sound proofing projects are requested and are being considered for Newark and Teterboro from the discretionary funds set-aside for noise projects.

EQUIPMENT SEQUENCING PROBLEMS

SENATOR LAUTENBERG: Provide for the record, a listing of those equipment that are currently experiencing sequencing problems and those under production that are likely to experience the same problem in the remainder of fiscal year 1988 and in fiscal year 1989. For those equipments currently in storage or otherwise on hold, show the cost of such equipment, the original scheduled installation date, and the latest estimated installation date.

ANSWER: Generally, we do not perceive of any sequencing problems for major NAS equipments. The equipments that are in storage are for projects that are normally controlled and installed by the region, and are not as time critical as more visible projects. Typical reasons for being in storage are:

- Change in priority to accommodate critical projects
- Land acquisition delays
- Environmental issues
- Regional manpower shortages

Costs and schedules of equipment types currently in storage are listed below:

Equipment Type	Cost ($K)	Original Schedule	Current Schedule
MALS	72.0	1980, 1984-1985	1989
ODALS	475.0	1983	1989
MALSR	823.0	1985 -1986	1989
VASI	650.0	1985	1989

REIL	256.0	1985	-1987	1989
Threshold Lights	133.0		1086	1989
ALS	380.0	1986	-1988	1989
NDB	235.0	1987	-1988	1989
VOR/DME	922.0		1987	1989
RVR	575.0		1985	1989
ILS	550.0		1987	1989
RCL	2,500.0	1987	-1988	1988
LLWAS	177.0		1988	1989
ICSS	7,232.0	1983	-1988	1988-89
TOTAL	$14,980.0			

NAS PLAN PROCUREMENT PROCESS

SENATOR LAUTENBERG: Secretary Burnley has testified that because of the rules inherent in the Government process as prescribed by OMB under A-109 and the efforts of GAO to assure that the rules are followed, the NAS Plan procurement has been unduly protracted. As a result, there is the likelihood that new equipment FAA is now procuring will be technologically obsolete by the time it is installed.

For each of the major components of the NAS Plan (i.e., AAS, communications, system, etc.) identify the segment(s) of the mandated acquisition process which have inordinately delayed the production and installation of the equipment or system.

ANSWER: The A-109 process inserted key review points in the acquisition process which require high level management involvement at critical points during the project acquisition phase. The administrative processes to prepare for these key decision points sometimes takes longer than originally planned. The reasons for slippage in the major projects are as follows:

1. Preparation of documentation to be reviewed and approved (systems requirements statements, program management plan, key decision memorandums, etc.)--CWP, Mode S, ASR9, and ARSR4.
2. Technological "upgrades" that occur during system development that must be incorporated, and require updated documentation (e.g., specifications)--VSCS, AAS, and FSAS.
3. Compliance with the three sets of regulations (OMB circular A-109, GSA Federal Acquisition Regulations, and GSA Federal Information Resource Management Regulations) are burdensome and when combined result in a time consuming procurement process--all major programs affected to some extent.

SENATOR LAUTENBERG: To what extent have other factors outside of the internal acquisition process caused delays? Identify the particular factors and the specific equipments or subsystems involved.

ANSWER: Some of the external factors which have caused delays include:

1. FAA and/or contractor underestimated time required to complete software development (FSAS MLS, ASR-9)

2. Problems were encountered in the testing phase (Host, Mode S)
3. Contractors experienced schedule problems and cost growth in the design phase of the contract (AAS, VSCS)
4. Implementation problems, i.e., land acquisitions, site preparation problems, etc. (RCL)

SENATE LAUTENBERG: What part(s) of the required process should be waived in order to expedite the delivery and installation of equipments and systems under development or in the full production phase?

ANSWER: One portion of the process that could be eliminated is the requirement for individual delegations of procurement authority (DPA) from GSA for the purchase of automatic data processing (ADP) equipment when it is for use in the NAS. Since almost every piece of equipment we purchase for the NAS has some element of ADP, we are forced to obtain a DPA prior to each and every acquisition. An FAA exemption for this requirement could be patterned after the one that DOD currently has for weapon systems.

SENATOR LAUTENBERG: Explain how the Government's interest would be protected.

ANSWER: There would be little, if any, additional risk to the Government if the requirement for DPA's were eliminated from NAS programs. The need for the equipment in the NAS is operational and not based upon the ADP that is included in the equipment. Typically, the ADP equipment is a very small portion of the program.

In addition, most of the documentation required to be submitted with the Agency procurement request is redundant for the major systems acquisition review process. GSA oversight provides little added benefit to the existing internal review processes.

SENATOR LAUTENBERG: Provide examples of the effects on such waivers on the delivery and operational readiness dates of specific equipments and/or subsystems now under development or production.

ANSWER: DPA's have been required on such equipments as the NADIN II, AWOS, DATAMUX, maintenance data terminals (MDT's) and maintenance processor subsystem (MPS) enhancements. For each of these projects, substantial efforts were made to prepare the paperwork necessary to satisfy the GSA requirements. This has caused, or will cuase, some delay in the delivery of the equipments.

SENATOR LAUTENBERG: What specific, direct actions has the Department or FAA taken to obtain relief from the requirements of A-109?

ANSWER: We have taken no direct actions to have either the Department or FAA removed from the requirements of OMB Circular A-109. It is our opinion that the Circular provides us with a framework for design and management of our major system acquisitions, and provides us the flexibility we need to exercise the needed oversight by senior management on these critical acquisitions.

FLIGHT SERVICE STATION AUTOMATION

SENATOR LAUTENBERG: Regarding AWOS II, has the visibility sensor been certified? If not, why?

ANSWER: Two visibility sensors have been approved as part of the FAA certified AWOS units. They are manufactured by HHS, Inc., and Qualimetrics, Inc.

SENATOR LAUTENBERG: Has a ceiling sensor also been certified? If no, when will certification be completed?

ANSWER: Three ceilometers have been approved as part of the FAA certified AWOS units. They are manufactured by ASEA, Inc., Vaisala, Inc., and Handar, Inc.

VERTICAL SEPARATION R&D

SENATOR LAUTENBERG: Last year you stated that there are a few aircraft types, as presently equipped, that would not be able to safely fly in a 1,000-feet planned vertical separation environment above FL 290.

What types of aircraft were you referring to?

ANSWER: The majority of general aviation aircraft will require modifications to meet the expected requirements for safe operation in a 1,000-foot vertical separation environment above FL 290. There are also a few air carrier aircraft that do not meet the expected requirements such as the B-720, BAC-III, and S-210. One basic requirement is that all aircraft that have static source errors greater than 100 feet must have automatic correction.

SENATOR LAUTENBERG: In evaluating the implications of reduced vertical separation on safety, what use was made of data on pilot deviations as the result of data collected and analyzed by the Aviation Safety Reporting System?

ANSWER: A review of the Aviation Safety Reporting System data for altitude deviation was made when the vertical separation program started and there were very few reports. Now that we have collected the heightkeeping data and started the analysis, another request has been made for altitude deviation reports from the Safety Reporting System. This time we understand that there is considerable data in the system. This data will be used to supplement and verify the large Mode C data collection that was collected as part of the program.

SENATOR LAUTENBERG: Has the cost/benefit analysis been completed? If so, what were the results?

ANSWER: The interim cost/benefit analysis for the reduced vertical separation standard (based on current assumptions) has been completed. Based on the assumptions used in the study, over 2.5 billion gallons of fuel could be saved over a 12-year period (1994-2005) in the United States alone. This results in a positive benefit/cost of approximately $2.6 billion in benefits to $350 million in cost, which equals a ratio of 7.5. ("Interim Report Cost/Benefit Analysis of the Vertical Separation Program," dated December 1987, Arinc Publication 3018-05-06-4574).

AIRWAY SCIENCE PROGRAM GRANTS

SENATOR LAUTENBERG: In fiscal year 1988 you requested $10 million for the Airway Science Grant Program. This year your request is for $5,225,000. What is the rationale for this year's request in light of the concerns expressed by the Administration about shortages of qualified personnel across the spectrum of aviation-related jobs?

ANSWER: The President's budget submission has never included a request for Airway Science Grant funds. Funds have been inserted into the appropriations at the initiation of Congress commencing with FY 1982, excluding only FY 1984. The amount appropriated was $10 million in FY 1987 and $5,225,000 in FY 1988.

The pay-off from these grants is not immediate, but long term. Airway Science grant funds are dedicated to the acquisition of academic facilities and instructional equipment to help provide a better quality of academic experiences to students pursuing aviation training at the collegiate level. The availability of academic centers with modern facilities and equipment will increase the number of students enrolling in aviation education programs. Upon graduation, these students will enter the professional work force in a broad spectrum of aviation occupations within both the public and private sectors.

F&E UNOBLIGATED BALANCES

SENATOR LAUTENBERG: Please update the information provided in last year's hearing (S. Hrg. 100-355, Page 771) regarding all projects over $5 million for which funds are reserved yet unobligated and have slipped from the contract award date assumed in the original budget request.

ANSWER: There is no change in the information provided at last year's hearings. The Automated Weather Observing System (AWOS) planned contract award date remains the same, June 1988.

LONG RANGE RADAR

SENATOR LAUTENBERG: Last year you requested $39 million for the FAA's share of the cost of two radars. Your testimony, however, states that the total estimated cost for these radars is $17.6 million per unit in escalated dollars. Moreover, your fiscal year 1989 request shows that the $39 million is for one unit, not two, and your fiscal 1989 request is for seven radars. This brings the total units for the two years to eight radars at a total cost to FAA of $97,300,000, or an average of $12,162,500 for the FAA's 50 percent share of each radar. What are the reasons for the difference discussed in the two budget requests and in the costs of the radars described above?

ANSWER: The original request for $39 million was for two radars, including related items such as site preparation, implementation, site spares, test equipment, engineering support, and program office administration. Additionally, non recurring program items such as the program support facility, automatic test equipment, depot test equipment, depot spares, and training were included. Due to a reduction in USAF funding in FY 1988, there was concern that the remaining funds would not be sufficient to procure two radars with their related items and the required non recurring program items. Therefore, the number of radars was reduced pending more definitive contract costs.

The $17.6 million per unit is based on a total program cost or $698.6 million for 40 radars. However, the average unit cost per year will vary slightly on an annual basis due to differences in items such as site preparation, implementation, engineering support, and program administration costs.

SENATOR LAUTENBERG: If the original plan was for 48 radars and the total program was reduced to 40 radars due to Air Force budgetary constraints, what compromises to radar coverage were made as a result of the reduction?

ANSWER: FAA radar coverage will not be compromised by the reduction. Of the 8 sites involved, 3 are Air Force use only locations and their deletion will have no impact on the FAA. The 5 remaining sites are joint-use locations, and the radars currently in place will be modernized to extend their useful life until additional capital improvements can be programmed.

SENATOR LAUTENBERG: If the Air Force budget allowed for 48 radars, would the FAA request funds for a 48-radar program as well? If not, why?

ANSWER: Yes. The FAA and the Air Force originally agreed to fund equally (50/50 cost share) the total cost to establish 48 3-D radar facilities, and the FAA budget plan reflected this agreement. The current FAA budget was established after the reduction to 40 systems was made to accommodate Air Force budget limitations and changing operational requirements. If the Air Force restored the budget for 48 systems, the FAA would request funds to do likewise.

SENATOR LAUTENBERG: If the other 8 radars are actually needed for FAA purposes, why is FAA planning for only 40 radars?

ANSWER: As explained in our answer above, the FAA needs radar coverage from 5 of the 8 locations. This will be provided by the radars currently in operation at these sites until additional capital improvements can be programmed. It would not be cost effective for the FAA to unilaterally purchase 5 ARSR-4 for these locations, since these radars include an Air Force height detection feature not required for FAA air traffic control.

NEXRAD

SENATOR LAUTENBERG: Has the terminal NEXRAD software been fully developed?

ANSWER: Yes, the Terminal NEXRAD software has been fully developed. The software algorithms that will be implemented in terminal NEXRAD are:

1. Microburst Detection
2. Gust Front Detection
3. Wind Shift Prediction
4. Precipitation Intensity

SENATOR LAUTENBERG: If not, when will it be, and why has it been delayed past June 1987?

ANSWER: The terminal NEXRAD software has been fully developed.

SENATOR LAUTENBERG: If the software has been fully developed, have the validation tests at Denver been completed? If not, when will they be completed?

ANSWER: The Doppler weather radar test facility being used to validate the terminal NEXRAD software has been operating in Denver since May 1987. Previously this facility was operated in Huntsville (1986) and Memphis (1985). The software has been validated using data from all three locations. An operational test and evaluation using this software will be conducted in Denver this summer and will be completed by the end of August.

SENATOR LAUTENBERG: What problems were disclosed and when will they be corrected?

ANSWER: The gust front detection software algorithm evaluated in Denver in 1987 had some false alarms. Ground clutter from the hills west of Denver was showing up as gust fronts. This problem was corrected by implementing a ground clutter suppression map and by implementing a motion test (i.e. a gust front must move a certain distance before it can be displayed). The new gust front detection software has been successfully tested with recorded data and will be run in the test facility this summer.

SENATOR LAUTENBERG: Is there any evidence that the NEXRAD program will experience cost growth beyond what was experienced through fiscal year 1987?

ANSWER: No. We feel that the costs reflected in the contract signed December 1, 1987 are realistic. If full production option is not exercised in 18 months, costs will increase by $2.5 million.

SENATOR LAUTENBERG: Are there sufficient funds in all three agency budgets to meet the en route NEXRAD procurement schedule assumed in your fiscal year 1989 request?

ANSWER: Discussions with the NEXRAD Joint System Program Office indicate that adequate funds are in all three agency budgets to meet the NEXRAD schedule.

TERMINAL DOPPLER WEATHER RADAR

SENATOR LAUTENBERG: Please update for the record the site-by-site breakdown of your TDWR implementation plan showing each location, cost, delivery date and operational date for the 18 locations included in your fiscal year 1989 request. Please also update the data for the six other locations included in last year's request. When will the contract for the 18 units be awarded?

ANSWER:

Location	Cost/M	Delivery Date	Operational Date
FAA Technical Center,NJ	$6.66	11/91	9/92
FAA Aero Center, OK	6.66	9/92	12/92
Ft. Lauderdale,FL	6.66	9/92	12/92
Detroit,MI	6.66	2/93	5/93
Charlotte,NC	6.66	2/93	5/93
Houston Hobby,TX	6.66	2/93	5/93
New York La Guardia,NY	6.66	3/93	6/93
Kansas City,MO	6.66	3/93	6/93

Washington National	6.66	3/93	6/93
Cincinnati (Covington),KY	6.66	4/93	7/93
Philadelphia,PA	6.66	4/93	7/93
Raleigh-Durham,NC	6.66	4/93	7/93
West Palm Beach,FL	6.66	5/93	8/93
Phoenix,AZ	6.66	5/93	8/93
Dallas-Love,TX	6.66	5/93	8/93
Salt Lake City,UT	6.66	6/93	9/93
Cleveland,OH	6.66	6/93	9/93
Washington Dulles,VA	6.66	6/93	9/93

The other six locations referred to in the FY 1988 request will be deferred until FY 1990:

Louisville,KY	$6.66	7/93	10/93
Dayton,OH	6.66	7/93	10/93
Baltimore,MD	6.66	7/93	10/93
Boston,MA	6.66	8/93	11/93
Nashville,TN	6.66	8/93	11/92
San Juan, PR	6.66	8/93	11/93

The TDWR contract is scheduled to be awarded in September 1988.

SENATOR LAUTENBERG: Have there been any developments associated with the NEXRAD and terminal NEXRAD programs that cause you to change your view of last year that starting the TDWR acquisition process at KDP-4 will involve only minimal technical, time, and costs risks?

ANSWER: No, we still believe that starting the TDWR acquisition process at KDP-4 will involve only minimal technical, time, and cost risks. The NEXRAD and terminal NEXRAD programs are under contract and are proceeding successfully. The terminal NEXRAD/TDWR software has been developed and checked out using data collected in Memphis, Huntsville, and Denver using the Doppler weather radar test facility. Data collected to date indicate that the 90% microburst detection rate requirement is being met with fewer than the 10% false alarms allowed. Operational evaluation will be conducted in Denver this summer using the test facility. The OT&E will test the operational suitability of the products and display method prior to TDWR contract award.

EN ROUTE SOFTWARE DEVELOPMENT AND INTEGRATION SUPPORT

SENATOR LAUTENBERG: You are requesting $8,452,000 for contract support for the update, development and implementation of NAS software. You state that these funds will allow for completing the design for conflict resolution advisory and improved SIGMET and NOTAM processing.

Are these improvements directed towards the present ATC software?

ANSWER: Yes, the Conflict Resolution Advisory and improved SIGMET and NOTAM software packages will be used in the operational software for the Host computers.

SENATOR LAUTENBERG: What problems or deficiencies are there in present programs relating to conflict resolution advisories, SIGMET, and NOTAM processing?

ANSWER: The present conflict alert function generates too many late/false alerts at low/intermediate altitudes. Conflict resolution advisory (CRA) requires a much lower percentage of false alerts to function properly. Conflict alert enhancements provides a fix for the problems but the enhancements must be upgraded to the field version of Host software. This work is now underway.

SIGMET's and NOTAM's are presently used operationally in patch format and require inclusion in the operational software as source code. The source code will eliminate the need to reconstruct the patches for each Host software release.

SENATOR LAUTENBERG: How long have each of these deficiencies existed?

ANSWER: The conflict alert late/false alerts deficiency has existed since the late 1970's when conflict alert was introduced in the en route software. The late/false alert problem was considered to be a nuisance to controllers, but this deficiency must be corrected at the time conflict resolution advisory is implemented in the en route software.

SIGMET's and NOTAM's are presently used operationally in program patch format and require inclusion in the operational software as source code.

AERONAUTICAL DATA LINK

SENATOR LAUTENBERG: This represents an expansion and replacement of the weather communications processor that was first funded in fiscal year 1988 with $16,995,500, which ostensibly represented the total WCP program costs. How much of the $12,450,000 requested for the new program represents a cost increase to the WCP Program?

ANSWER: Of the total FY 89 request (for $12,400,000), $9,950,000 represents a cost increase to the initial WCP program while the remainder is to implement Host software for data link air traffic safety services. The increased cost to the WCP program is required to: (a) accommodate the additional processing requirements in support of the accelerated data link program, which includes support for air traffic control data link services, a part of the Administrators Impact 88 objectives ($6,850,000), and (b) expanded FAA Technical Center support and support for the required communications protocols ($3,100,000).

SENATOR LAUTENBERG: Since the need for other data link interfaces with Mode S has been know for some time, under what program were these other interfaces being developed.

ANSWER: The advanced automation program has been developing data link applications and interfaces with Mode S for implementation in the late 1990's. The Mode S/Data Link Program has been pursuing R&D activities to investigate various candidate data link applications and interfaces including data link services requiring support by the HOST and ARTS air traffic control computers. The new Aeronautical Data Link Program would accelerate the implementation of the ATC services from the late 1980's as previously planned to the early 1990's. The remaining services included in the Aeronautical Data Link Program represents the results of the R&D investigations.

SENATOR LAUTENBERG: What is actually being procured and installed under this program and where and when will it be installed?

ANSWER: Contract options in the weather communications processor (WCP) hardware contract will be exercised to procure hardware upgrades that will provide the capacity to support the expanded role of the WCP (now renamed data link processor - DLP). The upgraded hardware along with the software to support the initial data link weather services will be implemented according to the schedule of the original WCP program. That is, one DLP will be located at each air route traffic control center (ARTCC) and at two support facilities. The first DLP will become operational in 1990 and the last CONUS DLP in 1992. Software upgrades for the DLP and HOST computers will be implemented in 1992 which will support a small set of initial safety-related air traffic control (ATC) data link services. The upgraded DLP would interface with the HOST computer to serve as a communications gateway to the Mode S data link system. In this same timeframe the FAA would implement tower work stations. This would require 1990 funding under the automatic terminal information service (ATIS) which reports and collects relay wind shear alert messages to the DLP. These ATIS reports and wind shear alerts would be disseminated by the upgraded DLP to data link users.

CENTRAL WEATHER PROCESSOR

SENATOR LAUTENBERG: The CWP program experienced costs growth and schedule slippage and was redefined. To what extent were problems with the original program associated with poor performance by the contractor?

ANSWER: About half of the problems were due to poor performance by the contractor. Principally, the contractor's problem arose from poor management and an initial underestimate of the complexity of the effort. The remainder was due to the fact that numerous issues concerning the overall NAS design were unresolved and causing instability in requirements which affected the contractor.

SENATOR LAUTENBERG: Why was the same contractor selected for additional work?

ANSWER: The contractor, Jet Propulsion Laboratory (JPL), made a high-level management commitment to resolve the problems in their organization. This commitment involved replacement of key personnel with experienced system developers and continued management visibility into the project. Once it was established that the management problems were resolved, it was determined that the redefined effort should continue at JPL due to the fact that the knowledge already gained by JPL personnel would be expensive to duplicate with another contractor.

SENATOR LAUTENBERG: Will the full range of weather information needed by controllers and pilots be available to them?

ANSWER: Yes. The revised program provides all essential information, including weather radar data derived from the next generation weather radar (NEXRAD) system, weather products from the National Weather Service and observations from the automated weather observing systems, etc.

SENATOR LAUTENBERG: What will actually be acquired with the $7,600,000 requested, and where will it be installed?

ANSWER: $4,598,000 of the funds will be used to lease the Meteorologist Weather Processor (MWP) for the first year of a 5-year lease. The purpose of the MWP is to provide an automated meteorologist workstation to support the National Weather Service (NWS) meteorologist in the air route traffic control centers (ARTCC). An MWP will be installed in each of the air route traffic control centers and two units will be installed in the Central Flow Control Facility. The remainder of the funds are to be used to continue funding JPL for development of the real time weather processor.

SENATOR LAUTENBERG: What else will have to be procured after fiscal year 1989?

ANSWER: Current plans are to continue leasing a meteorologist weather processor (MWP) for a total of 20 years (a series of four 5-year leases). At the end of the first 3 years of the first lease period, funding will transition to Operations and Maintenance. We are pursuing with the NWS the possibility of utilizing their AWIPS-90 for the MWP after the first 5-year lease. Funding will continue into fiscal year 1990 for JPL to complete development of the real time weather processor (RWP) prototype. After that funding will be required in fiscal year 1991 for procurement of the production RWP's.

RADIO TONE CONTROL EQUIPMENT

SENATOR LAUTENBERG: Last year your request showed that a total of $80,800,000 would be needed for the remainder of the RTCE program. Your fiscal year 1989 request, however, shows that about $68,900,000 will be needed for the remainder, including $63,889,600 as part of a fiscal year 1988 reprogramming request.

What warrants for the more than $11 million reduction in the estimated costs of the remainder of the program since last year?

ANSWER: The RCE program has been restructured to eliminate the requirement for using RCE's at some of the flight service stations, therefore reducing the number of facilities using RCE's.

ARTCC IMPROVEMENTS

SENATOR LAUTENBERG: Your request is for $28 million. Last year you requested $12 million and stated that the funding for this program is expected to average $8 million per year. What is the basis for the three-fold increase in this program over the fiscal year 1988 level?

ANSWER: FY 1989 is the first year of full field implementation of the major phase I projects for preparing for delivery of the initial National Airspace System Plan equipment.

$20 million of the FY 1989 program is scheduled for upgrading of the existing HVAC systems,

$7 million will be used for new HVAC air handlers, a raised floor, and wall resurfacing in the basement equipment areas scheduled to receive new telephone company demarcation equipment, radio communication equipment, and radio control equipment during 1989 and 1990.

$1 million is planned for supplemental system engineering and integration contract support.

During the past year, this program has had to be expanded to include additional electrical and HVAC equipment to handle the larger than anticipated loads of the new NAS equipment. This resulted in significant increases in our projected budget requests for FY 1990-1992.

Our anticipated average for FY 1990-1992 in footnote a/ is in error and should have indicated $70 millon per year.

SENATOR LAUTENBERG: Is there an overall plan and schedule for annual improvements to en route facilities?

ANSWER: There is an overall schedule of improvements through FY 1994 to upgrade all areas of the ARTCC's to receive new NAS equipment. After FY 1994 we anticipate a routine continuing need for $2 to $4 million per year to maintain, overhaul and replace existing systems.

SENATOR LAUTENBERG: How much of the increase this fiscal year is due to unforeseen, emergency type requirements?

ANSWER: None of the funds requested in FY 1989 are for unforeseen or emergency requirements. However, as indicated in our answer above, significant unanticipated increases are now expected in FY 1990-1992.

UPGRADE TRAFFIC MANAGEMENT SYSTEM

SENATOR LAUTENBERG: You are requesting an additional $7,789,600 for this program to begin a follow-on program of enhancements to phase II traffic management capabilities. This request also includes $1,075,663 for traffic management training and to complete certain studies applicable to the transition of the TMS into the mid-to-late 1990's.

Why did your fiscal year 1988 request show that no additional funds would be needed for this program beyond fiscal year 1988?

ANSWER: Fiscal year 1988 was the last year of funding requirements for our NAS Plan phase II program. Subsequent to submission of this budget request in January 1987, the FAA developed plans for a multi-step follow-on upgrade to Phase II for which fiscal year 1989 will provide the initial funds to begin this effort. This follow-on program builds upon capabilities being introduced in phase II by implementing advanced traffic management functions which are being developed by the R&D advanced traffic management system and expands the departure management functions introduced in Phase II to integrate terminal departures with en route and arrival traffic flows. The national level aircraft situation display and sector monitoring functions will be provided to centers and selected terminals to help in managing traffic problems in the en route and terminal areas.

SENATOR LAUTENBERG: What are the specific "studies" referred to in the request?

ANSWER: We plan to define requirements and examine alternatives for transitioning TMS to an advanced, national level traffic computer system beyond the mid 1990's which is fully integrated with the AAS and other NAS systems. The studies will define system requirements, acquisition alternatives, and funding requirements.

SENATOR LAUTENBERG: Who is making the studies and what is their total costs?

ANSWER: The studies will be performed by FAA with contractor support. The studies are expected to cost about $500,000.

VOICE SWITCHING AND CONTROL SYSTEMS

SENATOR LAUTENBERG: The Department gave its approval for full scale development and initial production of the VSCS in February 1985. Your request for $59 million includes $53 million to complete the design and $6 million for the first increment of a production contract estimated to be awarded in September 1990.

Why has this program experienced such extensive delay?

ANSWER: The Department approval in February 1985 was to initiate a competitive prototype development phase for VSCS. The planned date for the award of this contract was February 1986. However, due to delays in the procurement process, the actual contract award did not take place until October 1986.

Subsequently, both contractors who are developing the prototype systems have experienced approximately 4 months of delays in completing preliminary design reviews and critical design reviews because the work in modifying their off-the-shelf switches to meet VSCS requirements was more complex than anticipated. The production contract is expected to be awarded in September 1989.

ASR-9 WEATHER DATA

SENATOR LAUTENBERG: Last year you stated that until the NEXRAD and TDWR systems are operational, FAA will provide pilots information derived from the ASR-9 weather channel. Also, whether or not all five hazardous levels will be transmitted had not been determined. Is this still FAA's plan?

ANSWER: The FAA still plans to use the ASR-9 weather channel to provide controllers and pilots (via the controllers) information regarding location and intensity of severe weather. Only two of six levels will be available to the controllers at any one time to prevent cluttering of the air traffic control display used to separate airplanes. The two levels will be selected so that precipitation intensity, which may be hazardous to flight, can be displayed. If a level of intensity higher than the two selected is detected by the radar, it is indicated by an alarm light.

SENATOR LAUTENBERG: For how long and at how many locations will the ASR-9 weather data be used before the NEXRAD and TDWR systems are operational?

ANSWER: Between now and mid-1991, 101 ASR-9 radars, with a weather channel, will be commissioned. Only six network NEXRAD's and two terminal NEXRAD's will be installed by mid-1991. Complete network NEXRAD coverage of the continental United States will not be complete until 1996. Between early 1993 and mid-1994, 45 operational TDWR systems are expected to be commissioned. The ASR-9 weather channel is expected to provide the most timely information on precipitation hazards in the vicinity of airports before and after NEXRAD and TDWR are available. The ASR-9 will update the precipitation data within 60 miles of the airport every 30 seconds while the TDWR will update every 60 seconds only in the close proximity of the airport and NEXRAD will update every 5 minutes. The TDWR and NEXRAD will provide important data regarding wind shear and turbulence hazards not available from the ASR-9. A study is underway to determine how to integrate information from multiple weather sensors in the terminal area in the most effective manner when the advanced automation system is implemented.

SENATOR LAUTENBERG: How will weather information displayed in the ASR-9 system be disseminated by controllers to pilots? If this determination has not yet been made, explain why.

ANSWER: The location of heavy precipitation as derived from the ASR-9 weather channel will be given verbally by controllers to pilots. A users group consisting of pilots, controllers, and scientists will determine what level of intensity constitutes a hazard and under what conditions this data should be reported to pilots.

TOWER COMMUNICATIONS SYSTEMS

SENATOR LAUTENBERG: The budget justification refers to the need for 17 voice switches at an estimated cost of $11,800,000 to provide communications support for 11 new towers approved in prior years and 5 other locations requested in the fiscal year 1989 budget (Item 2C(2) is 6, not 5. Which is correct?

ANSWER: The correct number of voice switches is 17; however, since one voice switch is available from a previous procurement, only 16 new voice switches are required.

CONTROL TOWER SIMULATORS

SENATOR LAUTENBERG: When will the control tower simulators you are requesting funding for be available at the FAA Academy?

ANSWER: Two years after exercise of the option.

SENATOR LAUTENBERG: Will the simulators be capable of simulating conditions at the more complex ATC Towers?

ANSWER: The simulators will be capable of simulating conditions, including airport configurations and weather situations, to a level of moderate traffic.

SENATOR LAUTENBERG: Will the use of the simulators lengthen the time students will undergo training at the FAA Academy, and if so, by how much?

ANSWER: Yes, at present it is anticipated that an additional 21 days will be required for those students assigned to a terminal facility to complete the simulation portion at the FAA Academy.

IMPROVE TERMINAL RADAR SYSTEM

SENATOR LAUTENBERG: Your request of $6,783,000 includes $1,398,400 for 19 color radar monitors. Please provide for the record a breakdown of the cost of these monitors.

ANSWER:

Location	Equipment Cost	Installation Cost*
Washington, DC	$29,000	$44,600
Andrews AFB, MD	29,000	44,600
Baltimore, MD	29,000	44,600
Albany, NY	29,000	44,600
Atlantic City, NJ	29,000	44,600
Buffalo, NY	29,000	44,600
Binghamton, NY	29,000	44,600
Rome, NY	29,000	44,600
Rochester, NY	29,000	44,600
Syracuse, NY	29,000	44,600
Chantilly Dulles, VA	29,000	44,600
Richmond, VA	29,000	44,600
Roanoke, VA	29,000	44,600
Norfolk, VA	29,000	44,600
Charleston, WV	29,000	44,600
Clarksburg, WV	29,000	44,600
Allentown, PA	29,000	44,600
Capital City, PA	29,000	44,600
Wilkes Barre, PA	29,000	44,600

* Includes supply support

MODE S

SENATOR LAUTENBERG: What is the current delivery schedule versus the original delivery schedule for the Mode S Radar Beacon System?

ANSWER:

Mode S Sensor	Original Contract Delivery	Current Contract Delivery	Current Contract Acceptance

FAATC No. 1	4 Apr 87	4 Jan 89	4 Mar 89
(1st Operational Site)			
No. 4	4 May 88	4 Apr 89	4 Sep 89
No. 5	4 Mar 89	4 Feb 90	4 Jun 90
No. 137	4 Jan 92	4 Dec 92	4 Mar 93

NOTE: If delivery is at 6 systems/month as is being considered then system 137 will be delivered at month 87 (4 Jan 92), the same as the original schedule.

SENATOR LAUTENBERG: Has the contract been modified to reflect the changes?

ANSWER: Yes. The contract has been modified by "Contract Modification No. 21," executed on April 4, 1988.

SENATOR LAUTENBERG: The original delivery schedule allowed for about a 1-year spread between the first delivery to the FAA Technical Center and the first delivery to an operational site.

What was the purpose for the spread between the delivery dates? Was it to allow for test and evaluation work by the FAA Technical Center?

ANSWER: The 1-year spread was to allow for test and evaluation work at the FAA Technical Center for system and interface testing. The testing includes: System accuracy and performance, ASR-9 interface, ARTS IIA interface, ASR-7/8 interface and en route common digitizer (CD) interface.

The revised test plan moves key interface testing to the contractors facilities (where it can be better accommodated) with system test and remaining interface testing still being done at the FAA Technical Center.

SENATOR LAUTENBERG: If the original delivery date for the Technical Center is delayed by 21 months and the operations site deliveries by 11 months, there will be only a few months between the two delivery dates. How would this affect the Technical Center's role in this program?

ANSWER: The responsibility for system and interface testing by the Federal Aviation Administration Technical Center (FAATC) is not changed. The current (new) schedule allows for 6 months of FAATC testing prior to acceptance of system no. 4 (first operational system).

The original plan called for all system interfaces to be checked prior to acceptance of sensor no. 4. Specifically, the revised plan per MOD 21 shifts interface testing to the respective contractors, Unisys for ARTS IIA and WEC for ASR-9, to resolve any potential problems early in the test program. This relieves FAATC of these test responsibilities. The FAATC test and evaluation for the 6-month period will be used primarily to prepare for the first operational site, an ASR-9/ARTS IIIA configuration. Test and evaluation will continue beyond the 6-month period and after acceptance of the first site. During this time, the remaining interfaces, the ARTS IIA/ASR-7/8 and the en route configurations are tested at FAATC to assure that checkout at FAATC occurs prior to acceptance of those interfaces in the field.

ATCT/TRACON MODERNIZATION

SENATOR LAUTENBERG: Which facilities are included in the modernization work to be funded with the $23,123,900 requested for this activity?

ANSWER: The following locations are included in our airport traffic control tower/terminal radar approach control (ATCT/TRACON) facilities modernization program.

STATE	CITY
Huntsville -	Alabama
Tucson -	Arizona
Little Rock* -	Arkansas
Burbank -	California
El Toro -	California
Livermore -	California
Ontario -	California
Palm Springs -	California
San Jose -	California
Van Nuys -	California
Aspen -	Colorado
Denver -	Colorado
Hartford -	Connecticut
New Haven -	Connecticut
Tampa -	Florida
Chicago (O'Hare)* -	Illinois
Moline -	Illinois
Peoria -	Illinois
Evansville -	Indiana
Fort Wayne -	Indiana
South Bend -	Indiana
Des Moines -	Iowa
Dubuque -	Iowa
Covington* -	Kentucky
Lafayette -	Louisiana
New Orleans (Lakefront) -	Louisiana
New Orleans (Moisant) -	Louisiana
Shreveport -	Louisiana
Shreveport (Downtown) -	Louisiana
Portland -	Maine
Hagerstown -	Maryland
Beverly -	Massachusetts
Boston -	Massachusetts
Hyannis -	Massachusetts
Martha's Vineyard -	Massachusetts
Nantucket* -	Massachusetts
Grand Rapids* -	Michigan
Kalamazoo -	Michigan
Lansing* -	Michigan

CITY	STATE
Pontiac* -	Michigan
Minneapolis* -	Minnesota

Columbia	Missouri
Joplin	Missouri
Grand Island -	Nebraska
Omaha -	Nebraska
Nashua -	New Hampshire
FAA-Technical Center -	New Jersey
Albuquerque -	New Mexico
Charlotte -	North Carolina
Raleigh -	North Carolina
Winston-Salem -	North Carolina
Mansfield -	Ohio
Toledo -	Ohio
Toledo-Express -	Ohio
Youngstown -	Ohio
Oklahoma City -	Oklahoma
Oklahoma City (Wiley Post) -	Oklahoma
Tulsa -	Oklahoma
Tulsa (Riverside) -	Oklahoma
Salem -	Oregon
Erie -	Pennsylvania
Florence -	South Carolina
Memphis* -	Tennessee
Nashville -	Tennessee
Amarillo -	Texas
Austin* -	Texas
Brownsville -	Texas
College Station -	Texas
Corpus Christi -	Texas
Dallas (Addison) -	Texas
Dallas-Ft. Worth -	Texas
Dallas (Love Field) -	Texas
Dallas (Redbird) -	Texas
El Paso -	Texas
Ft. Worth* -	Texas
Harlingen -	Texas
Houston (David Wayne Hooks) -	Texas
Houston (Hobby) -	Texas
Houston (Intercontinental) -	Texas
Lubbock -	Texas
McAllen -	Texas
San Antonio -	Texas
Waco -	Texas
Chantilly -	Virginia
Norfolk -	Virginia
Pasco -	Washington
Seattle -	Washington
Seattle-Boeing -	Washington
Spokane* -	Washington
CITY	STATE
Tacoma-Narrows -	Washington
Yakima -	Washington
San Juan -	Puerto Rico
St. Thomas -	Virgin Islands

* Two Projects at Site

SENATOR LAUTENBERG: How much of the funds provided in prior years are unobligated?

ANSWER: As of October 1, 1987, $24,211,000 were unobligated for the ATCT/TRACON modernization program.

REMOTE MAINTENANCE MONITORING SYSTEM

SENATOR LAUTENBERG: You are requesting $56,456,600 for RMM capability. Of the total amount requested, how much is for development, how much is for production, and how much is for installation of the hardware and software?

ANSWER: Of the $56,456,600 requested in FY 1989, $17,600,000 is for development, $21,600,000 is for production, and $17,256,600 is for installation of hardware and software.

SENATOR LAUTENBERG: Please update the table on page 808 of last year's hearing (S.HRG. 100-354) regarding the funds as appropriated and obligated from FY 1982 through the requested funding for FY 1988.

ANSWER:

	Appropriations	Obligations
FY 1982	8.0 million	$ 8.0 million
FY 1983	15.0	15.0
FY 1984	1.8	1.8
FY 1985	43.4	41.2
FY 1986	43.4	15.6*
FY 1987	14.5	13.2
FY 1988	22.4	0.0**

* Expect to obligate in FY 1988 an additional $19.2M for maintenance processor subsystem enhancement and $2.1M for an additional maintenance data terminal acquisition.

** $7.6M is expected to be obligated in FY 1988 for interim monitor and control software and remote monitoring subsystems.

SENATOR LAUTENBERG: When will the productivity gains to be derived through RMM capability begin?

ANSWER: The productivity gains to be derived from remote maintenance monitoring are mainly associated with the consolidation of work centers, savings in travel, and the reduction of requirements for watchstanding in some facilities. Some of these gains have already been realized. In the case of VORTAC facilities, it is possible to make uplink adjustments from a central monitoring point and, in some cases, restore the facilities to operation, thus saving trips to remote sites. For some long range radars, a combination of remote monitoring and control has permitted FAA to use 16-hour or 8-hour watches rather than the traditional 24-hour coverage. Installation of RMM at facilities on small airports will permit surveillance from a central monitoring point and, in turn, provide for a much more efficient use of the existing work force.

SENATOR LAUTENBERG: Why has the rate at which funds are being obligated been so slow?

ANSWER: Agency procurement request (APR) packages were submitted for two planned procurements which required that the General Services Administration (GSA) grant a delegation of procurement authority (DPA) prior to acquisition activities. One of the APR packages also required the preparation of a comprehensive software conversion study. Although this impacted the development and processing of the solicitation packages within the FAA, award of the two contracts is expected by July 1988.

Additional obligations of budgeted and allocated monies from previous years are expected in late FY 1988 and early FY 1989.

THROUGHPUT SPECIFICATIONS FOR ATC SYSTEMS

SENATOR LAUTENBERG: Last Year you testified that the Mode S specification requires a two-second throughput (time delay between radar processing and presentation on the controller display). You also testified that this was a change from the original specification or requirements and cost an additional $2.7 million.

Provide for the record the current throughput requirements for all other data, e.g., weather, show any changes from prior requirements, the cost of the changes and the reasons for same.

ANSWER: No other data, beyond radar target data, has timeliness requirements approaching 2 seconds, and there have been no reductions in time permitted to provide this other data. The NAS has many different types of weather data, flight plan data, etc., all of which have different timeliness requirements. These requirements are captured in our NAS specification, NAS-SS-1000. We have provided a copy of requested data from NAS-SS-1000.

FLIGHT SERVICE STATION MODERNIZATION

SENATOR LAUTENBERG: Of the $21,400,000 requested for FSS Modernization, $12 million is requested for FSS relocation and consolidation.

Which FSS's will be based and consolidated into new automated FSS's under this proposal?

ANSWER: Based on our report, "FSS Consolidation Plan," dated February 17, 1987, the following FSS's would be consolidated into AFSS's equipped with Model 1.

FSS	AFSS
Thermal, CA	Riverside, CA
Imperial, CA	San Diego, CA
Trinidad, CO	Denver, CO
Decatur, IL	St. Louis, MO
South Bend, IN	Terre Haute, IN
Monroe, LA	DeRidder, LA
Marquette, MI	Green Bay, WI
Pellston, MI	Lansing, MI
Rochester, MN	Princeton, MN

Dickinson, ND	Grand Forks, ND
Minot, ND	Grand Forks, ND
Grand Island, NE	Columbus, NE
North Platte, NE	Columbus, NE
Findlay, OH	Cleveland, OH
Cincinnati, OH	Dayton, OH
Ponca City, OK	McAlester, OK
North Bend, OR	McMinnville, OR
Florence, SC	Anderson, SC
Dyersburg, TN	Jackson, TN
Dalhart, TX	Ft. Worth, TX
Lubbock, TX	Ft. Worth, TX
Lufkin, TX	Conroe, TX
Wichita Falls, TX	Ft. Worth, TX
Wenatchee, WA	Seattle, WA
Eau Claire, WI	Green Bay, WI

FACTORY INSPECTIONS

SENATOR LAUTENBERG: How many quality control specialists are currently on board and assigned to contractors' plants?

ANSWER: There are 70 persons on board which include quality assurance specialist and support personnel.

SENATOR LAUTENBERG: Of those, how many are assigned to overseas contractors?

ANSWER: There is one quality assurance specialist assigned to overseas subcontractors in Japan and Australia. In addition, we have five specialists assigned to contractors or subcontractors located in Canada and Puerto Rico. All of these assignments are performed on periodic temporary duty travel basis.

SENATOR LAUTENBERG: How many contractors are being inspected? (Show overseas separately).

ANSWER: We are performing quality assurance functions on 69 prime contracts throughout the United States; 1 prime contract in Canada, 18 subcontracts throughout the United States, 2 subcontracts in Canada, 2 subcontracts in Puerto Rico, 2 subcontracts in Japan, and 1 subcontract in Australia.

SENATOR LAUTENBERG: Has this inspection workload increased, decreased, or remained about the same over the past 3 fiscal years and what is anticipated for fiscal year 1989?

ANSWER: The workload over the past 3 fiscal years has remained about the same. The workload in fiscal year 1989 will increase due to the award of additional NAS Plan contracts.

SENATOR LAUTENBERG: What criteria are used to determine which contractors to visit and evaluate the contractor's work?

ANSWER: The quality requirements specified in the contract are used to make an assignment of a quality assurance specialist.

RESEARCH, ENGINEERING AND DEVELOPMENT
AIRPORT CAPACITY

SENATOR LAUTENBERG: The FY 1988 continuing resolution directed FAA "that future budgets should present and justify all projects related to airport capacity, as a separate category". The FAA's "08 program" entitled "System Capacity and Airports" includes a budget request of $3,557,000 for a project called "System Capacity." The justification suggests that this project relates only to en route separation standards and vertical separation standards. How does this relate to airport capacity or terminal airspace?

ANSWER: The focus of the work in system capacity is on en route separation standards in FY 1989. More rational use of en route airspace capacity has a beneficial effect on terminal area operations by reducing constraints on aircraft flows into and out of terminal airspace.

In the longer term, it is planned that the system capacity project will include studies of terminal control area (TCA) configurations and procedures that would effectively protect instrument flight rules (IFR) aircraft from interference with visual flight rules (VFR) aircraft without unnecessarily restricting utilization of the terminal airspace capacity.

SENATOR LAUTENBERG: The total FAA request for "08 System Capacity and Airports" category is $20,779,000 . Subtracting $3,557,000 for the en route separation standards project leaves a balance of $17,222,000. How does this comply with the Airport and Airway Safety and Capacity Expansion Act of 1987 which allows a minimum authorization of $25 million for airport capacity research and development?

ANSWER: The "08 System Capacity and Airports" category represents the basic programs in support of airport capacity. We have also included additional programs within R,E&D (portions of Programs 01 and 24) in direct support of airport capacity which increases the total effort to approximately $26.7 million.

When considering all programs supporting airport capacity (direct and associated) the total airport capacity effort exceeds $40 million, which is approximately 26 percent of the FY 1989 R,E&D submission, and well exceeds the $25 million authorized for airport capacity in the Act.

SENATOR LAUTENBERG: "The Airport Design and Configuration" project justification results in a report of efficient runway exit design in 1993. The "Airport Pavement" project results in a report on improved pavement technology in 1993, and the "Runway Exit Advisory System" project also results in a report in 1992. The total cost for two of these three projects through FY 1993 is estimated at: $5.487 million for "Airport Design and Configuration" and $21.054 million for Airport Pavement Design.

Does this include actual field demonstrations of new pavements and new configurations at operational airports, or is the end product of a series of reports?

ANSWER: At current funding levels, no actual field demonstrations are planned in either of these areas.

The total programmed amount of R,E&D funding from FY 1989 through FY 1993 for "Airport Pavement Design" is $6,533,000. With this level of funding, a series of R&D reports providing results on improved and new pavement designs, materials, evaluation techniques, construction and repair materials and techniques, and maintenance management will be provided.

The total programmed amount of R,E&D funding from FY 1989 through FY 1993 for "Airport Design and Configuration" is $2,806,000. With this level of funding, a series of improved runway exit designs and taxiway designs will be developed. A series of reports will be provided.

SENATOR LAUTENBERG: The "Wake Vortex" project lists a multi-year cost of $11.664 million through FY 1993. Does that result in field demonstrations of new systems and equipment or a series of reports, and is there any research being done to allow surveillance of vortices such as the former vortex advisory system?

ANSWER: An Enhanced Wake Vortex System (EVAS) for surveillance of vortices will be developed and evaluated. Following the results of this evaluation, field demonstrations of this new system and equipment will be undertaken. Depending on the results of the field demonstrations, decisions on implementation will be made. A series of reports will also be issued on EVAS and other wake vortex projects.

SENATOR LAUTENBERG: If one of the primary reasons for the difference in IMC flight separation standards and VMC separation standards is the ability of one pilot to see another, why couldn't IMC separation standards be improved with flight deck displays so pilots could see each other electronically? Do you have a request request for such a project?

ANSWER: Capacity is determined by longitudinal separation on base leg and final approach. Pilots in VFR weather can adjust flight paths to avoid the wake vortex hazard from the aircraft ahead. The quality of airborne displays based on the use of data from existing airborne sensors has not been adequate to use for this purpose. In 1989, we plan to investigate "magic window" technology being developed by the Department of Defense. This program is directed toward development and demonstration of a capability for conducting autonomous landing operations into austere sites at night and low-visibility weather.

Recent reduction of longitudinal separation from 3 to 2.5 miles allows IFR capacity to approach VFR capacity on runways equipped with instrument approach aids. Essentially, a higher rate of airport operations at airports is limited by the availability of the ground facilities, i.e., runways, taxiways, ILS, VOR, etc.

SENATOR LAUTENBERG: Part of the Terminal Automation project not listed under the "08 System Capacity and Airports" category involves a new display to assist air traffic controllers in order to allow dependent converging operations. Does that project include a field demonstration of the new display? If a prototype of the display currently exists, why can't a field demonstration be done in FY 1989?

ANSWER: A field demonstration is planned at Boston Logan International Airport in the FY 1990/91 timeframe. The demonstration is contingent upon resolution of a number of difficult ATC design issues and a conclusion that the converging approach aid would be useful in improving the efficiency and safety of terminal area operations.

The development project will develop a prototype of the converging approach aid in the laboratory. The principal objective of this effort will be to demonstrate that the controller-machine interface would effectively support the intended ATC operation and that an operational advantage would accrue from the use of the aid. Following successful completion of this activity, it will be necessary to complete development of the necessary interface with field equipment and to install additional equipment at Boston to support the field demonstration. A significant effort will also be accomplished to integrate the operation of the converging approach aid with the on- going operation at Boston. This operational integration effort will be completed in phases over a 6 to 12 month period.

SENATOR LAUTENBERG: Many projects appear to have indirect effects on airport capacity. FAA has requested $17 million for projects which directly impact airport capacity and development and it appears that most of these projects have reports as end products, rather than field demonstrations.

If FAA were to receive an additional appropriation of $8 million for a total of $25 million, commensurate with the authorization language, could field demonstrations be conducted for new pavement configurations, new pavement mixes, new marking and lighting design, wake vortex programs, flight data displays, computer model applications and others?

ANSWER: A high percentage of the FAA's projects in airport capacity research and development have a direct impact on airport capacity improvement. When added to the basic "08 System Capacity and Airports" category, the total programs in direct support of airport capacity increases the total effort to approximately $26.7 million. These projects will result in reports and field demonstrations when warranted.

AIRPORT IMPROVEMENT PROGRAM

SENATOR LAUTENBERG: I am advised that there is currently a $3.5 billion backlog of eligible airport improvement projects on file with the FAA.

Would you therefore justify the Administrator's AIP budget request of $1.2 billion for FY 1989?

ANSWER: We decided on a level for the AIP that we felt satisfied agreements between the Administration and the Congress on budget level designed to comply with the deficit reduction efforts. Appropriation levels have generally been below request levels resulting in many lower priority projects be deferred. At the $1.2 billion level, the highest priority system needs can be satisfied.

FY 1988 BUDGET

SENATOR LAUTENBERG: Your testimony indicates that FAA must absorb about $100 million in unobligated and/or unfunded costs this year. Are there any critical funding deficiencies?

ANSWER: Yes there are. However, we believe we will be able to maintain our mission and fund important personnel and contract costs within existing funds. The agency did imposed a three-month hiring freeze during the first quarter except for controllers. Among the actions we will have to reduce or postpone are:

- Training
- An agency-wide microcomputer buy
- Purchase of part of our stocks and stores requirements
- All non-essential travel
- Discretionary contracts
- Installation of new leased telecommunications circuits
- Purchase of systems furniture for workstations
- Filling vacancies in job series other than controller workforce, facilities maintenance and inspectors
- Overtime used for controller training
- Relocation of controllers, technicians, inspectors and flight service station personnel

Some of the above actions will result in short term savings but increased costs to the government in the long run. Other impacts include continuation of the backlog in technical training and leaving some key jobs vacant. Overall, the FY 1988 shortfall will reduce the level of real growth in the FAA's programs but will not keep the Agency from carrying out its mission.

SENATOR LAUTENBERG: Do you intend to ask for a FY 1988 supplemental?

ANSWER: No, we do not at this time. One of the conditions of the Budget Compromise reached last fall was that no supplemental requests would be submitted by the Administration.

AIRPORT CAPACITY

SENATOR LAUTENBERG: What is the status of development of an airspace planning computer model to forecast the capacity of the system and identify the needed staffing and equipment resources?

ANSWER: The FAA's development of an airspace planning computer model is well underway and is one of the Administrator's Impact 88 initiatives. The program is known as the National Airspace System Performance Analysis Capability (NASPAC). This computer simulation capability will model and systematically analyze the NAS structure and answer "what if" questions regarding the enhancement and management of the air traffic system capacity and performance. The immediate goal is to reduce airline delays, but in addition it will serve as a useful tool in helping FAA planners predict and demonstrate a network of airspace and airport capacity needs and explore capacity enhancing solutions.

Initially, two models are being developed in two phases. The two models are a simulation model and an analytical queuing model. Phase I models 58 airports and provides concept validation and an initial capability demonstration which was completed in January 1988. Phase II models the en route airspace structure and provides a more detailed functional capability. The initial Phase II capabilities are scheduled for completion and demonstration by the end of September 1988. Validation of the models and analyses of their initial performance will take place in FY 1989 and will guide follow-on model enhancement and simulation development.

TRANSPONDER RULE

SENATOR LAUTENBERG: What progress is being made to increase Mode C automatic altitude reporting requirements around existing TCAs, and when will additional TCAs be promulgated?

ANSWER: The FAA has published two proposals which address Mode C requirements. One proposal would require Mode C transponders for all flight within 30 miles of a TCA primary airport. The other proposal would require Mode C transponders within 40 miles of an airport for which a terminal radar approach control facility has been established and for flight at or above 6,000 feet MSL. The latter was proposed in response to congressional mandates established by P.L. 100-202 and P.L. 100-223 and is open to public comment until May 12. The FAA intends to consolidate the Mode C transponder requirements of both proposals into a single final rule, to be published in June 1988. The FAA anticipates that the first of the nine new TCA's, as announced in August 1987, will become effective no earlier than May 1989. No rulemaking action will be taken until after informal airspace meetings are held with local users.

FAA ORGANIZATIONAL REFORM

SENATOR LAUTENBERG: Secretary Burnley recently announced the creation of a task force to recommend internal reforms of the FAA.

Will this include a look at all of the ATC system structure, including the regional offices?

ANSWER: Yes, the entire agency structure is being examined.

SENATOR LAUTENBERG: Both you and Secretary Burnley refer to procurement and personnel rules as major hindrances to more effective FAA performance.

What interim administrative steps can you take in order to alleviate the problem?

ANSWER: To make the acquisition process as efficient as possible, FAA has requested from OST, and has been granted, program approval, source selection authority, and contract award approval for acquisitions up to $150 million. This transfers a significant amount of authority to FAA to manage its own programs and has eliminated a level of review from the process.

In addition, we are considering the following actions:

1. Increasing the contracting staff and assigning dedicated project teams to major acquisitions.

2. Streamlining the source selection process for major competitively negotiated procurements by expediting the proposal review process and revising documentation requirements. (The source selection process currently takes 12-18 months for contract award).
3. Developing a process whereby program changes can be acted on quickly to meet our dynamic program requirements.
4. Requesting a blanket delegation of procurement authority from GSA for ADP similar to the one granted to DOD.

To improve the human resource management of the FAA, a number of initiatives are already underway. These include:

1. Streamlining the air traffic controller hiring process by implementing a modular applicant testing, examining, and screening program which will reduce pre-employment processing time for new air traffic control hires. We expect to cut processing time from 6-18 months to 2 months.
2. FAA has initiated a comprehensive pay study to explore the means to eliminate pay compression and provide incentives to attract and retain controllers at difficult staff facilities. FAA will be working with the Office of Personnel Management on this matter.

A number of other initiatives are being developed to improve air traffic controller training, supervisory identification, and development and succession planning.

MLS

SENATOR LAUTENBERG: We understand that the airlines have requested FAA to reevaluate the Agency's current MLS policy in light of the advances in reliability of ILS and the technical and cost problems which MLS has encountered.

What are your preliminary views on this subject?

ANSWER: Recent reviews of the MLS program have concluded that it is sound both economically and technically. A comprehensive benefit/cost study, "Cost Benefit Analysis of Microwave Landing System (MLS) Program," completed in January 1988, showed a benefit/cost ratio of 1.88. This figure reflects the incremental benefits and costs of MLS as compared to ILS for all runways qualifying for precision approach service.

Although some refinement of the MLS transition strategy and deployment plan is underway to maximize early benefits and minimize the economic impact to the users, the operational requirements which brought MLS into existence still remain. As such, we plan to continue our long-range program for transition to MLS.

AIRPORT CAPACITY

SENATOR LAUTENBERG: In the FY 1988 Continuing Resolution, we directed that future DOT budgets, beginning with FY 1989, should show as a separate category and justify all FAA research and development projects that are related to airport capacity. Would you please provide the Committee in writing a list and explanation of the projects and their respective funding included in the FY 1989 R&D budget which directly impact airport capacity?

ANSWER: The following programs directly impact airport capacity:

Program	FY 1989 $000 Funding
1. Precision Runway Monitor - Raleigh-Durham o Develops the high data rate sensor to support the parallel and converging runway approaches (IFR)	$5,400
2. SIMMOD Airspace Model Development o Enhance the simulation model to provide improved airport airspace management and capacity	868
3. National Airspace System Performance Analysis Capability o Develop operations research capability for the National Airspace System to support management of air traffic capacity and performance	1,800
4. Airport Capacity Enhancement Planning o Perform studies of capacity enhancement efforts at specific airports and of various operational concepts	635
5. Airport Capacity Task Force Studies o Continue studies at congested and near-congested airports	513
6. Airport Design Configuration and Capacity o Design of efficient runway exits and taxiway routes to reduce ground time	770
7. Airport Pavement o Development of quality control and acceptance criteria for airport pavements	813
8. Runway Exit Advisory System o Evaluate the effectiveness of current taxiway geometries and new alternative designs to improve traffic flow	534
9. Airport Safety Planning o Identify hazardous operational and physical features at airports, and initiate animal fencing at airports	602
10. Airport Surface Visual Control (Lighting) o Initiate work on lighting and marking of taxiway intersections	677
11. Airport Safety Support System o Investigate effectiveness of various combinations of fire extinguishing agents	356
12. Terminal/Landside Traffic Modeling o Analyze existing computer modeling capabilities and make recommendations for future model implementation	350
14. Separation Standards o Preparation of worldwide guidance material for 1000 foot vertical separation,	3,557

and complete/submit horizontal guidance material to ICAO	
15. Precision Runway Monitor - Memphis o Complete data reduction and procurement specifications for back-to-back operational systems	3,097
16. Wake Vortex Technology o Explore feasibility of detection of wake vortex movement for avoidance purposes, and examination of meteorological factors affecting wake vortices	799
17. Capacity Development o Concept development and benefits assessment will continue on: flight procedures and system requirements for simultaneous IFR operations to triple parallel runways; requirements to support reduction of approach criteria for IFR approaches to converging runways; and, requirements to permit use of reduced diagonal spacings between aircraft for dependent parallel runway operations	1,808
18. Terminal ATC Automation o Improve capacity through more accurate sequencing of aircraft to final approach	4,077
Total	$26,656

SENATOR LAUTENBERG: Because much of what FAA does has some relationship to capacity, would you, in that listing, distinguish between efforts which directly add airport capacity full time, and those which simply add to system reliability or add capacity in other elements of the systems?

ANSWER: The following programs directly support airport capacity:

FY 1989 Program	$000 Funding
1. Precision Runway Monitor - Raleigh-Durham	$5,400
2. SIMMOD Airspace Model Development	868
3. National Airspace System Performance Analysis Capability	1,800
4. Airport Capacity Enhancement Planning	635
5. Airport Capacity Task Force Studies	513
6. Airport Design Configuration and Capacity	770
7. Airport Pavement	813
8. Runway Exit Advisory System	534
9. Airport Safety Planning	602
10. Airport Surface Visual Control (Lighting)	677
11. Airport Safety Support System	356
12. Terminal/Landside Traffic Modeling	350
14. Separation Standards	3,557
15. Precision Runway Monitor - Memphis	3,097
16. Wake Vortex Technology	799
17. Capacity Development	1,808
18. Terminal ATC Automation	4,077

Subtotal	$26,656

The following programs provide associated capacity benefits:

1. Terminal Doppler Weather Radar	$1,422
2. Airport Surface Traffic Automation	2,157
3. Surface Traffic Surveillance	2,758
4. Advanced Traffic Management System	5,489
5. Heliport Design and Planning	100
6. Mode S Integrated Tracker	814
7. Low Altitude Surveillance	727
Subtotal	$13,467
	=======
Total	$40,123

SENATOR LAUTENBERG: The Industry Task Force on Airport Capacity Improvement and Delay Reduction has recommended a series of efforts to improve airport capacity. Would you tell us whether you agree with these recommendations, which ones are underway, when you expect results, and whether your present level of funding covers both the R&D and F&E needs resulting from these efforts?

ANSWER: In general, we agree with the recommendations made by the Industry Task Force on Airport Capacity Improvement and Delay Reduction. Their recommendations are valuable inputs to the FAA's R&D planning process and they are seriously considered. It is recognized, however, that R&D resources are limited, and as a result, it is not possible to undertake all the proposed activities suggested by the Industry Task Force and still be able to embark on other important airport capacity enhancement projects. It is noted that many of the projects recommended by the Industry Task Force are actively pursued in the FAA's R&D programs.

AIP

SENATOR LAUTENBERG: In recent speeches you have called for a new federal initiative to plan, build and expand the nation's airport facilities and capacity. Yet, the Administration's budget request is $500 million below the authorized level for the Airport Improvement Program. Where does your Airport Initiative stand presently, and how does the FY 1989 budget request for the Airport Program respond to that initiative and to airport development needs that FAA has identified?

ANSWER: The funding level requested for the AIP program in FY 1989 satisfied agreements between the Administration and the Congress on budget levels designated to comply with the deficit reduction efforts. Our AIP budget request if approved, will allow us to proceed with the highest priority airport development initiatives at locations having the most critical needs. Some important sponsor development will be considered for federally assisted funding in future years. In some cases, local funding may be required for project accomplishment.

ADP FACILITIES MANAGEMENT

SENATOR LAUTENBERG: You are requesting $27.4 million to replace and reconfigure general purpose host computers at 12 locations. This request represents an increase of $6.7 million in the cost of these computers over the amount requested last year. Moreover, the total cost of this program, which apparently was reconstituted to provide for contractor takeover of technical and operational functions, is estimated to increase $15.4 million. What is the justification for the increase in the computer replacement costs of $6.7 million and the other cost increase for software conversion in the overall program?

ANSWER: The total cost for implementation and conversion to the replacement facilities are estimated to be $74.5 million. The increase of $15.4 million in the estimated total cost for implementation is based on more detailed information concerning software conversion. Our request for FY 1988 was $16.7 million, which was deferred pending a report by the Department of Transportation. That report was forwarded April 13, 1988. With the $16.7 million deferral and a new planned award date in FY 1989, the $74.5 million was distributed over 4 budget years beginning with the $27.4 million in FY 1989.

SENATOR LAUTENBERG: How does this proposal fit in with the Department's plan to enhance the administrative computer processing capability at the Transportation Computer Center in order to avoid duplication and overlap?

ANSWER: All DOT plans have been carefully coordinated to avoid duplication and overlap. The Assistant Secretary for Administration submitted a report to Congressman Lehman on April 13, 1988, which responds in more detail to this question of coordination of DOT plans.

COMPUTER BASED INSTRUCTION EQUIPMENT

SENATOR LAUTENBERG: You are requesting $11,134,800 to provide 852 computer based instruction (CBI) terminals and supporting equipment to Level II and Level III air traffic control towers and various other field facilities.

How much of the requested funds is for the terminals and how much for software?

ANSWER: The $11,134,800 will actually provide 888 CBI terminals, primarily comprised of computers, touch screens, printers, and other hardware. There also is $500 per terminal (for a total of $444,000) reserved for system-related software other than courseware.

SENATOR LAUTENBERG: Will the terminals be acquired from the same supplier of other CBI terminals in use?

ANSWER: The supplier has not been selected. However, the technology has changed substantially since the system was originally installed.

SENATOR LAUTENBERG: What type of contract(s) will be used to acquire both terminals and software?

ANSWER: This equipment is being purchased under an open, competitive procurement.

SENATOR LAUTENBERG: Explain how the instructions are formulated and evaluated. That is, who develops the material; who is responsible for oversight and modification?

ANSWER: The FAA Academy in Oklahoma City formulates and modifies the instruction based on information, requirements, priorities, and task data supplied by the various FAA headquarters program offices. The Technical Training Division at FAA headquarters is responsible for oversight.

INSTRUMENT LANDING SYSTEM

SENATOR LAUTENBERG: You are requesting $10 million for six ILS's and approach light systems. Where will these six systems be installed and when will the installation be completed for each location?

ANSWER: At present, we do not have an approved site list of candidate locations. We are in the processes of finalizing our review of our requirements and when completed, will provide you with the requested information.

FLIGHT SERVICE STATION MODERNIZATION

SENATOR LAUTENBERG: You are requesting $21,400,000 to continue the FSS consolidation and modernization program. However, the General Accounting Office recently recommended to the Secretary that no further reductions in the flight service specialist work force be made until after the old FSS's are closed and performance levels and staffing standards are developed for the automated FSS's. GAO also recommended that automated weather observing systems acquired to replace contracted weather observers, meet all of FAA's operational requirements for weather forecasting.

Does the FAA's plan for FSS consolidation and modernization and the $4.8 million requested for AWOS in Fiscal Year 1989 take into account GAO's recommendations? If so, how, and if not, why not?

ANSWER: Our plans are consistent with the GAO recommendations. The personnel working at the 24 flight service stations (FSS's) scheduled for consolidation into Model 1 equipped automated flight service stations (AFSS's). We have established employee performance standards and have undertaken the development of an interim staffing standard for AFSS's and a method of assessing the quality and level of service offered by these facilities.

We expect to implement a national direct user access terminal (DUAT) system in FY 1989 which will permit pilots to obtain weather information and to file flight plans directly into the National Airspace System. The implementation of the DUAT system in FY 1989 will offload approximately 20 percent of the current demand from the flight service system in that year.

Based on the implementation of the DUAT system, the increased specialist productivity made possible through the use of automation and FSS consolidations, we expect to be able to reduce FSS staffing by some 198 positions this year.

The AWOS's obtained with the $4.8 million requested in FY 1989 satisfy our weather requirements at noncontrolled airports. Some of these units will be used to replace contract weather observers which were originally established when the FSS's were consolidated.

SENATOR LAUTENBERG: Which FSS's would be closed and consolidated into an AFSS under the current request?

ANSWER: The FSS's scheduled for consolidation in FY 1989 and the receiving AFSS for each is as follows:

FSS	AFSS
Thermal, CA	Riverside, CA
Imperial, CA	San Diego, CA
Trinidad, CO	Denver, CO
Decautur, IL	St. Louis, MO
South Bend, IN	Terre Haute, IN
Monroe, LA	DeRidder, LA
Marquette, MI	Green Bay WI
Pellston, MI	Lansing MI
Rochester, MN	Princeton, MN
Dickinson, ND	Grand Forks, ND
Minot, ND	Grand Forks, ND
Grand Island, NE	Columbus, NE
North Platte, NE	Columbus, NE
Findlay, OH	Cleveland, OH
Cincinnati, OH	Dayton, OH
Ponca City, OK	McAlester, OK
North Bend, OR	McMinnville, OR
Florence, SC	Anderson, SC
Dyersburg, TN	Jackson, TN
Dalhart, TX	Ft. Worth,TX
Lubbock, TX	Ft. Worth, TX
Lufkin, TX	Conroe, TX
Wichita Falls, TX	Ft. Worth, TX
Wenatchee, WA	Seattle, WA
Eau Claire, WI	Green Bay, WI

SENATOR LAUTENBERG: Are you still experiencing some delays during peak periods in responding to incoming requests because of staffing shortages at the AFSS's?

ANSWER: The 44 operational AFSS's are providing an acceptable level of service; however, we do experience some extended delays during peak activity periods. It should be noted that, due to budgetary considerations, we do not staff our operational facilities to meet peak demand.

AIR NAVIGATION FACILITIES/EQUIPMENT

SENATOR LAUTENBERG: Please provide a breakdown of your $48.899 million request covering the VOR, DME and VORTAC components of the air navigation system. Show the location of each site, the type of equipment to be installed, the cost of each location, and the estimated delivery dates and operational dates.

ANSWER: The following is a breakdown of the $48,899,500 VOR, DME and VORTAC requested.

1. Project Description - Establish VOR/DME - 40 locations - $41,682,900

Location	State	Total Cost	Delivery Date	Operational Date
Oklahoma City	OK	$4,551,300	7/91	9/91
Ambler	AK	840,700	7/91	9/91
Barter Island	AK	840,700	8/91	10/91
Mekoryuk	AK	840,700	8/91	10/91
New Koliganek	AK	840,700	8/91	10/91
Point Heiden	AK	840,700	8/91	10/91
Point Hope	AK	840,700	8/91	10/91
Shishmaref	AK	840,700	8/91	10/91
St. Paul Island	AK	1,391,200	9/91	11/91
Stebbins	AK	840,700	9/91	11/91
Umiat	AK	2,193,700	9/91	11/91
Wainwright	AK	840,700	9/91	11/91
Badger Mountain	WA	840,700	9/91	11/91
Bayview	WA	840,700	9/91	11/91
Chemult	OR	840,700	10/91	12/91
Conifer	CO	840,700	10/91	12/91
Glendive	MT	840,700	10/91	12/91
Hailey	ID	840,700	10/91	12/91
Lopez Island	WA	840,700	10/91	12/91
Lyons	CO	840,700	10/91	12/91
Onak	WA	840,700	11/91	1/92
Sand Springs	MT	840,700	11/91	1/92
Wenatchee	WA	840,700	11/91	1/92
Cocos	LA	1,003,600	11/91	1/92
Ellington	TX	840,700	11/91	1/92
Frankston	TX	840,700	11/91	1/92
Laughlin AFB	TX	951,800	12/91	2/92
Oak Isle (Trinity)	TX	840,700	12/91	2/92
Marvall	AR	1,003,600	12/91	2/92
Ozona	TX	840,700	12/91	2/92
Santa Rosa	NM	1,061,800	12/91	2/92
Stamford	TX	1,061,800	12/91	2/92
Tyler	TX	840,700	1/92	3/92
Uvalde	TX	840,700	1/92	3/92
Walke	LA	1,003,600	1/92	3/92
Woodville	TX	1,003,600	1/92	3/92
Atlantic City	NJ	1,031,400	1/92	3/92
Payson	AZ	1,514,100	1/92	3/92
Broken Bow	NE	1,102,000	2/92	4/92
Ogallala	NE	951,200	2/92	4/92
TOTAL		41,682,900		

The big cost range, approximately $300,000 to $4,500,000 is due to differences in terrain at specific sites and numbers of systems involved. For example, some sites in Alaska are accessible only by air and the Oklahoma City cost is based on three systems.

2. Project Description - Relocate VORTAC - 7 Locations $4,191,800

Location	State	Total Cost	Scheduled Commission
Lawrenceville	VA	$784,700	4/91
Findlay	OH	357,600	12/91
Wausau	WI	387,600	10/90
Augusta	ME	665,900	8/91
Hyannis	MA	1,122,000	5/91
Bridgeport	TX	437,000	2/91
Burns Flat	OK	437,000	11/90
Total		4,191,800	

3. Project Description - various miscellaneous improvement/support projects - $3,024,800

SENATOR LAUTENBERG: Also please update the delivery dates and operational dates shown for the items covered in last year's request (S. HRG. 100-354, page 825-827).

ANSWER: The updated delivery dates and operational dates for the items covered in last year's request are listed below.

1. Convert Very High Frequency Omnidirectional Range to Doppler Very High Frequency Omnidirectional Range Facilities

Location	Equipment	Total Cost	Delivery Date	Operational Prev. Date	Current Chg. Date
Norfolk, VA	Doppler VOR	$473,100	4/88	8/89	
Albany, NY	Doppler VOR	473,100	2/88	6/89	
Shawnee, VA	Doppler VOR	473,100	6/88	10/89	
Cross City, FL	Doppler VOR	453,700	1/88	6/89	
Rome, GA	Doppler VOR	345,100	12/87	3/89	
Bridgeport, TX	Doppler VOR	522,100	10/87	12/87	Completed
Longview, TX	Doppler VOR	522,100	12/87	4/89	

Total Cost $3,262,300

2. Establish, Relocate Very High Frequency Omnidirectional Range
   a. Relocate Very High Frequency Omnidirectional Range and Tactical Air Navigation

Location	Equipment	Total Cost	Delivery Date	Operational Prev. Date	Current Chg Date
Hillview, IL	VOR/TACAN	$380,800	2/89	8/89	
Adrian, MI	VOR/TACAN	380,800	7/89	1/90	
Chanute AFB, IL	VOR/TACAN	380,800	5/89	11/89	
Tamiami, FL	VOR/TACAN	437,400	2/89	7/89	
Biscayne Bay, FL	VOR/TACAN	1,518,100	6/89	12/89	
New Orleans, LA	VOR/TACAN	634,300	2/89	8/89	
Pine Bluff, AR	VOR/TACAN	634,300	8/89	2/90	
	Total	4,366,500			

   b. Relocate Very High Frequency Omnidirectional Range/Distance Measuring Equipment

Location	Equipment	Total Cost	Delivery Date	Operational Prev. Date	Current Oper. Date
Cape Girardeau, MO	VOR/DME	$404,400	6/88	12/88	12/90
Manhattan, KS	VOR/DME	504,200	9/88	9/89	9/90
Detroit Metro, MI	VOR/DME	628,500	10/88	5/89	
Grand Marais, MN	VOR/DME	378,400	7/88	3/89	
Grand Canyon, AZ	VOR/DME	499,500	11/88	6/89	
	Total	2,415,000			

c. Establish Very High Frequency Omnidirectional Range/Distance Measuring Equipment

Location	Equipment	Total Cost	Delivery Date	Operational Prev. Date	Current Chg. Date
Grand Junction, CO	VOR/DME	$976,500	8/88	11/88	

Total Cost Items 2a through 2c $7,758,000

3. Air Navigation Improvements
   a. Establish Very High Frequency Omnidirectional Range-Test

Location	Equipment	Total Cost	Delivery Date	Operational Prev. Date	Current Chg. Date
Den-Centenial, CO	VOR	$90,200	8/88	12/88	

   b. Provide Very High Frequency Omnidirectional Range/Very High Frequency Omnidirectional Range and Tactical Air Navigation In-Service Engineering

Location	Equipment	Total Cost	Delivery Date	Operational Prev. Date	Current Chg. Date
Various Locations	N/A	$690,000	N/A	N/A	

   c. Very High Frequency Omnidirectional Range Improvement

Location	Equipment	Total Cost	Delivery Date	Operational Prev. Date	Current Oper. Date
Norfolk, NE	VOR/DME	$56,100	12/87	4/88	4/90
Olathe, KS	VOR/DME	56,100	2/88	6/88	Del Reprog
Columbus, NE	VOR/DME	56,100	3/88	7/88	7/90
Hastings, NE	VOR/DME	56,100	1/88	5/88	5/90
Alliance, NE	VOR/DME	56,100	6/88	10/88	10/90
Kaiser, MO	VOR/DME	56,100	4/88	8/88	8/90
McCook, NE	VOR/DME	56,100	12/87	3/88	3/90
	Total	392,700			

   d. Convert Very High Frequency Omnidirectional Range and Tactical Air Navigation to High Altitude Facility

Location	Equipment	Total Cost	Delivery Date	Operational Prev. Date	Current Chg. Date
Hugo, CO	VOR/TACAN	$35,900	N/A	2/88	

e. Replace VOR Antennas

Location	Equipment	Total Cost	Delivery Date	Current Oper. Date
Grand Rapids, MN	Antenna	67,300	7/88	12/88
Mankato, MN	Antenna	67,300	7/88	12/88
Park Rapids, MN	Antenna	67,300	7/88	12/88
Thief River Falls, MN	Antenna	67,300	7/88	12/88
Worthington, MN	Antenna	67,300	7/88	12/88
TOTAL		336,500		

f. Replace VOR/DME Building - 1 location - $254,100 - planned purchase 12/88

Total Items 3a through 3f $1,799,400

4. Replace Tactical Air Navigation Antennas

Location	Equipment	Total Cost	Delivery Date	Operational Prev. Date	Current Chg. Date
FAA Depot, OK	Antenna	$125,000	4/90	6/90	
FAA Academy, OK	Antenna	125,400	4/90	6/90	
Sacramento, CA	Antenna	157,600	4/90	7/90	
Chester, MA	Antenna	157,600	6/90	9/90	
Wausau, WI	Antenna	157,600	5/90	8/90	
Humble, TX	Antenna	157,600	7/90	10/90	
Santa Rosa, NM	Antenna	157,600	6/90	9/90	
Uvalde, TX	Antenna	157,600	8/90	11/90	
Dryer, OH	Antenna	157,600	8/90	11/90	
Chemult, OR	Antenna	157,600	4/90	7/90	
Twin Falls, ID	Antenna	157,600	8/90	11/90	
Laughlin AFB, TX	Antenna	157,600	5/90	8/90	
Houston-Hobby, TX	Antenna	157,600	6/90	9/90	
New Orleans, LA	Antenna	157,600	4/90	7/90	
Riverton, WY	Antenna	157,600	4/90	7/90	
Plattsburgh, NY	Antenna	157,600	8/90	11/90	
Pine Bluff, AR	Antenna	157,600	5/90	8/90	
Augusta, ME	Antenna	157,600	6/90	9/90	
Magic Reservoir, ID	Antenna	157,600	8/90	11/90	
Terra Haute, IN	Antenna	157,600	11/90	7/90	
Badger, WI	Antenna	157,600	8/90	11/90	
Windsor Locks, CT	Antenna	157,600	5/90	8/90	
Minneapolis, MN	Antenna	157,600	6/90	9/90	
Tucson (NEW), AZ	Antenna	157,600	4/90	7/90	
Dells, WI	Antenna	157,600	5/90	8/90	
Harrisburgh, PA	Antenna	157,600	8/90	11/90	
Oklahoma City, OK	Antenna	157,600	4/90	7/90	

Bimini, BH	Antenna	157,600	6/90	9/90
South Kauai, HI	Antenna	157,600	5/90	8/90
Total Cost		$ 4,505,600		

The above table for item 4 reflects data contained in the FY 1988 budget submission. Completion of these projects is dependent upon Congressional resolution of funding issues between DOT and DOD.

AIRBORNE LORAN C SYSTEM

SENATOR LAUTENBERG: You are requesting $376,600 to procure and install airborne Loran C systems in 14 of your nonflight inspection aircraft. This would bring the total number of such aircraft equipped with Loran C to 30.

Why is it necessary to equip another 14 aircraft with Loran C?

ANSWER: The original request for equipment included dual installation in selected aircraft, spares, and training aids. A review of current program requirements indicates this request could be scaled down to single installation and would require only four more systems at a cost of $107,600 for FY 1989. One system would be used to equip the last of the 17 nonflight inspection aircraft and three systems to be used as spares.

SENATOR LAUTENBERG: Isn't 16 aircraft so equipped a sufficient number to allow field inspectors to become knowledgeable of Loran C use in the National Airspace System?

ANSWER: There are 17 nonflight inspection aircraft in the FAA fleet and the need exists to have all equipped with Loran C to ensure FAA field inspectors the expertise and ability to evaluate non precision approaches, as provided by this new facility in the NAS.

MICROWAVE LANDING SYSTEM

SENATOR LAUTENBERG: How much in liquidated damages has Hazeltine had to pay under the terms of its contract for late deliveries of MLS's?

ANSWER: Under the terms of the contract for late deliveries of MLS's the FAA, as of April 18, 1988, has withheld $176,288 as liquidated damages.

SENATOR LAUTENBERG: What is the reason for the substantial differences in the number of aircraft operated by various carriers that, according to the FAA, are to be equipped with MLS avionics and the number verified by the Inspector General (based on contacts with those carriers, as shown in Exhibit C of the DOT IG Report Number AV-FA-8-011, of March 3, 1988)?

ANSWER: It should be noted that at no time did FAA represent the equipage number as firm commitments. At the time we surveyed air carriers our results were accurate. The Inspector General's staff conducted interviews with the carriers after the FAA interviews; however, there was no correlation as to which airline official was contacted. We believe this is one reason for the discrepancy in the numbers. Also during the time period between the FAA and IG interviews, the FAA initiated the MLS transition policy which allowed for the installation of instrument landing systems on a limited basis, Consequently, some air carriers which expressed an interest in equipping with MLS avionics, no longer wanted to equip. Due to the nature of the aviation industry, and the many variables affecting equipment investment decisions, it is understandable that the numbers are subject to change.

COMPUTER AIDED ENGINEERING DESIGN SYSTEM

SENATOR LAUTENBERG: You requested $11 million for the final increment of a computer-aided engineering design system. The system would be installed in FAA headquarters and at each of the nine regional headquarters.

Why is it necessary that every regional office be equipped with this system?

ANSWER: The Computer-Aided Engineering Graphics (CAEG) program was approved by the Administrator to establish a standard graphics generation capability throughout FAA. The regional CAEG systems have been designed to support the modernization and operation of the National Airspace System (NAS) by invoking uniform graphic system procedures and standards in each region.

Unlike most other office computer operations, the CAEG system's primary mode of operation is interactive and Not batch oriented. Performing these operations interactively requires local access to the graphics system through a workstation. Therefore, the interactive mode of operation requires each CAEG system to be colocated with each regional office.

The CAEG system in each region will be used interactively by regional office engineers and other technical personnel for engineering designs, airspace analysis, obstruction evaluations, noise contour modeling, office/facilities space management, airframe/engine analysis, etc.

SENATOR LAUTENBERG: Why isn't the number of systems reduced in order to maximize utilization and reduce acquisition cost?

ANSWER: Each regional CAEG system's size is based on projected workload. At the current configuration, the CAEG systems are at minimum size for maximum projected utilization. Any further decrease in number of CAEG systems or system size will adversely affect the modernization and operation of the NAS.

Unlike a batch oriented environment, consolidating the interactive workload to a reduced number of locations will lead to little or no reduction in the required hardware and software. However, additional costs for the consolidation will be incurred because both equipment and people must be relocated.

AUTOMATED COMMAND AND CONTROL TECHNOLOGY

SENATOR LAUTENBERG: You are requesting $10 million for what you call "Automated Command and Control Technology." However, your justification clearly shows that you are actually requesting funds for another administrative computer system for aviation standards operations and information needs, which will replace the current system. At the same time, you are requesting $27.4 million under another program title for a new administrative/ operational computer system to be installed at all regional offices as well as FAA headquarters which is supposed to be, "An upgraded and common system of ADP support for use Agency-wide [that] will support important operation and managerial information requirements within a standardized framework." Why weren't the needs of Aviation Standards accommodated by the other standardized system you are requesting $27.4 million for?

ANSWER: The request for $27.4 million will provide for general host computer resources for all operational and administrative agency programs including the needs of Aviation Standards.

SENATOR LAUTENBERG: How many aviation standards offices would receive a new system under this request?

ANSWER: About 130 aviation standards offices would receive a new microcomputer system, with software, training, maintenance, and technical support under this request.

SENATOR LAUTENBERG: Where are those offices located?

ANSWER: Those offices are located in 130 cities geographically spread across the nation.

SENATOR LAUTENBERG: What is the relationship between the computer hardware to be acquired under this request and the other personal computers being acquired for the aviation standards automation support under the operations part of the budget request for the administration of the aviation standards program?

ANSWER: The relationship is integral and complimentary in order to update and expand the automation system to overcome incompatible and insufficient automation tools that are available to the workforce. A capital investment involving this magnitude of facility equipment is best managed with some multi-year resources to allow phased deployment and logistical support.

SENATOR LAUTENBERG: Provide an illustrated overview of how the various computer systems for Aviation Standards are to be used.

ANSWER: The Aviation Standards (AVS) organization is responsible for the certification of aircraft, airmen, air carriers, other operators and air agencies, and for aviation industry oversight, inspection, enforcement, and compliance with federal aviation regulations, safety, and security. The statutory requirements are carried out by a large and diverse workforce located in over 175 cities throughout the world.

Automation is a required tool to achieve effective management of our worldwide operational programs. In the performance of their duties, our workforce generates over 1,000,000 forms each year, involving 8,000,000 pages, in mostly manual, labor intensive environments. There are many aviation safety analysis system (ASAS) data bases, information banks, and other computerized systems that must be accessed, extracted from, and updated. The regulatory function, flight operations responsibilities, aircraft maintenance, certification, security, airman medical research and certification, and flight path approach analysis responsibilities require modern tools, especially since deregulation.

Specific illustrations of how automation tools would be used are:

- Standardize investigation reporting/tracking/analysis
- Automate regulatory information and control systems
- Expand aviation security/compliance information systems
- Integrate/automate air carrier operation specifications
- Automate accident data for cause/trends/prevention
- Perform aviation medicine analysis/tracking/research
- Expand aviation industry safety analysis/projections
- Improve air carrier vital information tracking
- Modernize automated aircraft owner registration data
- Improve access to manufacturing component item lists
- Automate structural analysis/aircraft designs/propulsion
- Automate flight test engineering/design/analysis
- Set improved flammability standards for aircraft
- Standardize cockpit controls for various types of aircraft

EXPLOSIVE DETECTION SYSTEM

SENATOR LAUTENBERG: You are requesting $10 million to procure 30 vapor detection devices for use at gateway airports. Has the operational testing been completed on the thermoneutron systems and has the final decision on design been made?

ANSWER: The vapor detection portal devices will be used primarily to detect explosives carried on by passengers. In FY 1989 we are requesting $10 million to procure 30 of the vapor detection systems. The thermal neutron activation (TNA) system is designed to detect explosives in checked baggage and cargo.

In FY 1988 we have F&E funds for 5 to 10 TNA units. Operational testing of the two TNA prototypes has been completed. The radioactive source system underwent three airport tests on checked baggage, while the electronic source system underwent two tests on checked baggage and one on air cargo. The F&E procurement is in the contract negotiation phase and the first two systems delivered will have a radioactive neutron source. The remaining systems will most probably have electronic neutron sources, but this decision is being deferred, pending demonstration of a reliable electronic source.

SENATOR LAUTENBERG: If not, when will the testing and final decision be made and why was it delayed?

ANSWER: The final design decision has been deferred because of a reliability problem with the electronic neutron source used during testing on one of the prototypes. The decision on the first two systems has been made. The decision on the remaining systems will be finalized by December 1988. The contract will allow for this decision deferral.

SENATOR LAUTENBERG: Has operational testing been completed on the vapor detection devices covered by this request?

ANSWER: No

SENATOR LAUTENBERG: If not, when will it be completed and when will a contract be awarded for the 30 vapor systems?

ANSWER: The operational testing of the vapor portal detection system is scheduled to begin in August 1988, at Boston Logan Airport. Final assessment will be completed by November, with anticipated contract award to be June 1989.

FLEET CONVERSION

SENATOR LAUTENBERG: Have any concerns been raised about safety and human factors (ergonomics) limitations of the Beech Model 300 aircraft being acquired for flight inspection and other related operations?

ANSWER: Yes

SENATOR LAUTENBERG: If so, what are the specific concerns, what is the FAA's position on each, and what is being done about them?

ANSWER: One of the concerns is cockpit space and headroom in the Beech Model 300 aircraft. Cockpit space and headroom in the Beech Model 300 aircraft are more than adequate. There is no significant difference in the height and width of the BE-300 cockpit compared with the cockpits of the Sabre 80, Sabre 40, and Jet commander flight inspection aircraft. The cockpit was configured by FAA flight inspection pilots and is more than adequate to perform flight inspection duties.

Another concern is safety of the aircraft. During normal routine structural testing by Beech Aircraft Corporation to determine safe-life limits for components of a new airplane, Beech Model 300, a crack occurred in one element of a four-element lug of the wing attach fitting. This type of occurrence is not uncommon. Beech Aircraft Corporation and the FAA Wichita Aircraft Certificate Office are examining the wing fitting to determine design change requirements necessary to ensure a safe-life limit of at least 10,000 hours. The aircraft is presently certificated with a safe-life limit equating to 2-3 years' service at our usage rate. As the design change requirements are incorporated on the aircraft, the certificated safe-life limit will be increased. The fatigue testing procedures are accepted practices used as the basis for establishing industry standards and confirming safe-life limits. This process ensures a maximum margin of safety.

LAND OR EASEMENT PURCHASES

SENATOR LAUTENBERG: In last year's testimony before the House Appropriations Committee (pp. 877-879) you provided data regarding land acquisitions planned for fiscal year 1988. Please update the data to show those fiscal year 1988 acquisitions actually completed and final cost per acre.

ANSWER: No parcels have been purchased so far with fiscal year 1988 funds. Land purchases are time consuming and can take several years.

SENATOR LAUTENBERG: Indicate those acquisitions planned for fiscal year 1989.

ANSWER:

FY-89 PLANNED LAND ACQUISITIONS
($3,000,000)

STATE	No. Acres	Cost Per Acres	Amount	Total
ALABAMA				
ANNISTON	1.0	$10,700	$10,700	
ANNISTON	1.4	$7,143	$10,000	
HUNTSVILLE	72.1	$5,638	$406,500	
MUSCLE SHOALS	1	$12,700	$12,700	$439,900
ARIZONA				
TUCSON	103.9	$929	$96,500	$96,500
CALIFORNIA				
SAN ARDO	1.42	$42,254	$60,000	
STOCKTON	0.84	$47,619	$40,000	$100,000
FLORIDA				
BALDWIN	15	$7,067	$106,000	
CRAWFORD	15	$7,067	$106,000	
LABELLE	72.1	$3,564	$257,000	
MARIANNA	50	$3,340	$167,000	$636,000
GEORGIA				
AUGUSTA	1	$14,100	$14,100	
MACON	1	$14,100	$14,100	
SOUTH NEWPORT	15	$3,733	$56,000	
VALDOSTA	1.6	$11,938	$19,100	$103,300
KENTUCKY				
LEXINGTON	2.5	$26,000	$65,000	$65,000
State	No. Acres	Cost Per Acres	Amount	Total
MAINE				
PRESQUE ISLE	72	$694	$50,000	
PRINCETON	75	$667	$50,000	$100,000
MISSISSIPPI				
COLUMBUS	1	$10,000	$10,000	
MCCOMB	72.1	$236	$17,000	
TUPELO	72.1	$2,358	$170,000	$197,000
NEW HAMPSHIRE				
EPSOM	0.2	$125,000	$25,000	$25,000
NEW JERSEY				
BROADWAY	35.77	$2,097	$75,000	$75,000
OKLAHOMA				
OKLAHOMA CITY	0.8	$37,500	$30,000	$30,000

PENNSYLVANIA POTTSTOWN	26.38	$11,941	$315,000	$315,000
SOUTH CAROLINA COLUMBIA	1	$13,600	$13,600	$13,600
TEXAS VICTORIA	78.3	$1,022	$80,000	$80,000
UTAH SHIVITZ	0.42	$35,714	$15,000	$15,000
VERMONT BURLINGTON	0	$250,000	$50,000	$50,000
VARIOUS*				$658,700

TOTAL
$3,000,000

SENATOR LAUTENBERG: Please provide the acquisitions at Winslow, Arizona and Moon Township, Pennsylvania, the purpose of the acquisitions and the owners of the land.

ANSWER: Winslow, Arizona is for a VORTAC. The owner of the land is the Navajo Tribe. Moon Township, Pennsylvania is being purchased because it is in the best interest of the Government to obtain long term land rights to avoid escalating rentals. The land owner is Apico Airport Inns Inc.

ACCIDENTS, FATALITIES AND RATES

SENATOR LAUTENBERG: Please update the tables found on pages 687-692 of Senate Hearings 100-354.

ANSWER: See the attached tables.

TABLE 1
ACCIDENTS, FATALITIES, AND RATES
AIR CARRIERS AND GENERAL AVIATION
1987 (PRELIMINARY DATA)

	Accidents					Accident Rates			
						Per 100,000 Aircraft Hours		Per 100,000 Departures	
	Total	Fatal	Total Fatalities	Aircraft Hours Flown	Departures	Total	Fatal	Total	Fatal
Air Carriers Operating Under 14 CFR 121									
Scheduled @	31	4	231	9,711,000	6,980,000	0.309	0.031	0.430	0.043
Nonscheduled	5	1	1	437,000	216,000	1.144	0.229	2.315	0.463
Air Carriers Operating Under 14 CFR 135									
Scheduled #	35	10	58	1,462,000	2,447,000	2.39	0.68	1.43	0.41
Nonscheduled	98	31	68	2,900,000	*	3.38	1.07	--	--
General Aviation +	2420	426	788	29,320,000	*	8.25	1.45	--	--

Exposure data estimate source: Federal Aviation Administration (FAA).

@ One suicide/sabotage accident excluded from total and fatal accident rates.

# Rates are based on all accidents, including those involving operators not reporting traffic data to the Research and Special Programs Administration (RSPA).

* Data not available.

+ Includes accidents involving U.S. registered civil aircraft flown under rules other than 14 CFR 121 and 14 CFR 135.

TABLE 2
ACCIDENTS, FATALITIES, AND RATES
U.S. AIR CARRIERS OPERATING UNDER 14 CFR 121
ALL SCHEDULED SERVICE
(AIRLINES *)
1977 - 1987

	Accidents		Fatalities					Accident Rates					
								Per Million Aircraft Miles		Per 100,000 Aircraft Hours		Per 100,000 Departures	
Year	Total	Fatal	Total	Aboard	Aircraft Miles Flown#	Aircraft Hours Flown#	Departures#	Total	Fatal	Total	Fatal	Total	Fatal
1977	19	3	78	69	2,418,645,000	5,798,873	4,936,519	0.008	0.001	0.328	0.052	0.385	0.061
1978	20	5	160	150	2,520,165,000	6,031,743	5,015,939	0.008	0.002	0.332	0.083	0.399	0.100
1979	23	4	351	348	2,791,120,000	6,713,094	5,399,652	0.008	0.001	0.343	0.060	0.426	0.074
1980	15	0	0	0	2,816,303,000	6,797,578	5,352,927	0.005	0.	0.221	0.	0.280	0.
1981	25	4	4	2	2,703,219,000	6,571,288	5,211,867	0.009	0.001	0.380	0.061	0.480	0.077
1982	15	3	233	221	2,698,928,000	6,440,163	4,963,794	0.006	0.001	0.233	0.047	0.302	0.060
1983	22	4	15	14	2,808,566,000	6,649,009	5,033,906	0.008	0.001	0.331	0.060	0.437	0.079
1984	12	1	4	4	3,133,567,000	7,438,497	5,448,150	0.004	0.000	0.161	0.013	0.220	0.018
1985	17	4	197	196	3,319,955,000	7,947,435	5,835,474	0.005	0.001	0.214	0.050	0.291	0.069
1986	20	1	1	0	3,728,429,000	9,356,906	6,440,207	0.005	0.000	0.214	0.011	0.311	0.016
1987P	31	4	231	229	3,875,000,000	9,711,000	6,980,000	0.008	0.001	0.309	0.031	0.430	0.043

P Preliminary data.

* Includes accidents involving deregulated all cargo air carriers and commerical operators of large aircraft when those accidents occurred during 14 CFR 121 operations.

# Source of estimate: FAA.

& Suicide and sabotage accidents excluded from rates as follows:
Total 1987 (1)
Fatal 1987 (1)

TABLE 3
ACCIDENTS, FATALITIES, AND RATES
U.S. AIR CARRIERS OPERATING UNDER 14 CFR 121
ALL NONSCHEDULED SERVICE
(AIRLINES *)
1977 - 1987

	Accidents		Fatalities					Accident Rates					
								Per Million Aircraft Miles		Per 100,000 Aircraft Hours		Per 100,000 Departures	
Year	Total	Fatal	Total	Aboard	Aircraft Miles Flown#	Aircraft Hours Flown#	Departures#	Total	Fatal	Total	Fatal	Total	Fatal
1977	5	2	577	329	106,383,000	240,834	108,340	0.047	0.019	2.076	0.830	4.615	1.846
1978	2	0	0	0	88,197,000	202,883	96,351	0.023	0.	0.986	0.	2.076	0.
1979	6	1	3	3	68,018,000	165,817	86,550	0.088	0.015	3.618	0.603	6.932	1.155
1980	4	1	1	0	107,931,000	269,890	126,425	0.037	0.009	1.482	0.371	3.164	0.791
1981	1	0	0	0	95,356,000	238,967	117,182	0.010	0.	0.418	0.	0.853	0.
1982	4	1	1	1	105,547,000	262,088	130,414	0.038	0.009	1.526	0.382	3.067	0.767
1983	2	0	0	0	114,017,000	281,555	133,161	0.018	0.	0.710	0.	1.502	0.
1984	4	0	0	0	130,629,000	325,060	151,391	0.031	0.	1.231	0.	2.642	0.
1985	5	3	329	329	141,840,000	355,792	169,646	0.035	0.021	1.405	0.843	2.947	1.768
1986	2	1	3	3	148,154,000	366,374	182,553	0.013	0.007	0.546	0.273	1.096	0.548
1987P	5	1	1	1	176,000,000	437,000	216,000	0.028	0.006	1.144	0.229	2.315	0.463

P Preliminary data.

* Includes accidents involving deregulated all cargo air carriers and commerical operators of large aircraft when those accidents occurred during 14 CFR 121 operations.

# Source of estimate: FAA.

TABLE 4
ACCIDENTS, FATALITIES, AND RATES
U.S. AIR CARRIERS OPERATING UNDER 14 CFR 135
ALL SCHEDULED SERVICE
(COMMUTER AIR CARRIERS *)
1977 - 1987

								Accident Rates					
	Accidents		Fatalities					Per Million Aircraft Miles		Per 100,000 Aircraft Hours		Per 100,000 Departures	
Year	Total	Fatal	Total	Aboard	Aircraft Miles Flown#	Aircraft Hours Flown#	Departures#	Total	Fatal	Total	Fatal	Total	Fatal
1977	44	9	32	32	201,282,000	1,150,250	1,740,502	0.22	0.04	3.83	0.78	2.53	0.52
1978	61	14	48	48	226,187,000	1,302,136	1,995,728	0.27	0.06	4.68	1.08	3.06	0.70
1979	52	15	66	66	192,493,000	1,169,921	1,883,705	0.27	0.08	4.44	1.28	2.76	0.80
1980	38	8	37	37	192,200,000	1,175,588	1,776,999	0.20	0.04	3.23	0.68	2.14	0.45
1981	31	9	34	32	193,001,000	1,240,764	1,835,144	0.16	0.05	2.50	0.73	1.69	0.49
1982	26	5	16	14	222,355,000	1,299,748	2,026,691	0.12	0.02	2.00	0.38	1.28	0.25
1983	18	2	11	10	253,572,000	1,510,908	2,328,430	0.07	0.01	1.19	0.13	0.77	0.09
1984	22	7	48	46	291,460,000	1,745,762	2,676,590	0.08	0.02	1.26	0.40	0.82	0.26
1985	21	7	37	36	300,817,000	1,737,106	2,561,463	0.07	0.02	1.21	0.40	0.82	0.27
1986	15	2	4	4	254,094,000	1,411,017	2,355,412	0.06	0.01	1.06	0.14	0.64	0.08
1987P	35	10	58	55	263,000,000	1,462,000	2,447,000	0.13	0.04	2.39	0.68	1.43	0.41

P Preliminary data.

Source of estimate: FAA.

+ Rates are based on all accidents including some involving operators not reporting traffic data to RSPA.

* Includes accidents involving all-cargo air carriers when those accidents occurred during scheduled 14 CFR 135 operations. All-cargo air carriers no longer meet the RSPA definition for "Commuters". May also include accidents involving carriers whose FAA operating specifications permit scheduled revenue operations under 14 CFR 135, but who have not received a RSPA fitness determination.

TABLE 5
ACCIDENTS, FATALITIES, AND RATES
U.S. AIR CARRIERS OPERATING UNDER 14 CFR 135
NONSCHEDULED OPERATIONS
(ON-DEMAND AIR TAXIS)
1977 - 1987

	Accidents		Fatalities			Accident Rates Per 100,000 Aircraft Hours	
Year	Total	Fatal	Total	Aboard	Aircraft Hours Flown#	Total	Fatal
1977	158	31	118	115	3,304,220	4.78	0.94
1978	198	54	155	152	3,545,753	5.58	1.52
1979	160	30	77	73	3,684,321	4.34	0.81
1980	171	46	105	101	3,617,724	4.73	1.27
1981	157	40	94	92	2,895,827	5.42	1.38
1982	132	31	72	72	3,256,763	4.05	0.95
1983	140	27	62	57	2,574,883	5.44	1.05
1984	146	23	52	52	3,079,007	4.74	0.75
1985	152	35	76	75	2,782,696	5.46	1.26
1986	117	32	67	63	2,913,358	4.02	1.10
1987P	98	31	68		2,900,000	3.38	1.07

P Preliminary data.

Source of estimate: FAA.

TABLE 6
ACCIDENTS, FATALITIES, AND RATES
U.S. GENERAL AVIATION *
1977 - 1987

	Accidents		Fatalities			Accident Rates@ Per 100,000 Aircraft Hours	
Year	Total	Fatal	Total	Aboard	Aircraft Hours Flown#	Total	Fatal
1977	4079	661	1276	1265	31,578,000	12.91	2.09
1978	4216	719	1556	1398	34,887,000	12.08	2.06
1979	3818	631	1221	1203	38,641,000	9.88	1.63
1980	3590	618	1239	1230	36,402,000	9.86	1.69
1981	3500	654	1282	1261	36,803,000	9.51	1.78
1982	3233	591	1187	1171	32,095,000	10.06	1.84
1983	3075	555	1064	1057	31,048,000	9.90	1.79
1984	3010	543	1039	1018	31,510,000	9.54	1.72
1985	2741	498	952	941	30,590,000	8.95	1.62
1986	2581	469	955	868	29,318,000	8.80	1.60
1987P	2420	426	788		29,320,000	8.25	1.45

P Preliminary data.

# Source of estimate: FAA.

* All operations other than those conducted under 14 CFR 121 or 14 CFR 135.

@ Suicide and sabotage accidents excluded from rates as follows:
Total - 1977 (1), 1978 (2), 1980 (1), 1982 (3), 1983 (1), 1984 (3), 1985 (3)
Fatal - 1977 (1), 1978 (2), 1980 (1), 1984 (2), 1985 (2)

TABLE 7
FATAL ACCIDENTS AND FATALITIES
U.S.AIR CARRIERS OPERATING UNDER 14 CFR 121
ALL SCHEDULED SERVICE
(AIRLINES)
1987 (PRELIMINARY DATA)

Date	Location	Operator	Service	Aircraft	Fatalities Pagr	Crew	Other	Total	Total Aboard	Reported Type of Accident
4/13	Kansas City, MO	Buffalo Air.	Cargo	B-707-351C	0	4	0	4	4	Crashed two miles short of runway during instrument approach.
8/16	Romulus, MI	Northwest	Psgr	DC-9-82	148	6	2	156	155	Crashed onto freeway shortly after takeoff.
11/15	Denver, CO	Continental	Psgr	DC-9-10	25	3	0	28	82	Crashed while taking off during snow storm.
12/07	San Luis Obispo, CA	PSA	Psgr	BA-146-100	38	5	0	43	43	Suspected suicide / sabotage.

TABLE 8
FATAL ACCIDENTS AND FATALITIES
U.S.AIR CARRIERS OPERATING UNDER 14 CFR 121
ALL NONSCHEDULED SERVICE
(AIRLINES)
1987 (PRELIMINARY DATA)

Date	Location	Operator	Service	Aircraft	Fatalities Psgr	Crew	Other	Total	Total Aboard	Reported Type of Accident
2/14	Durango, Mexico	Skyworld	Psgr	B-707	1	0	0	1	135	Passenger died as result of injuries received during in-flight encounter with turbulence.

TABLE 9
FATAL ACCIDENTS AND FATALITIES
U.S.AIR CARRIERS OPERATING UNDER 14 CFR 135
ALL SCHEDULED SERVICE
(COMMUTER AIR CARRIERS)
1987 (PRELIMINARY DATA)

Date	Location	Operator	Service	Aircraft	Fatalities Psgr	Crew	Other	Total	Total Aboard	Reported Type of Accident
1/15	Kearns, UT	Sky West	Psgr	Swearingen SA-226TC	6	2	2	10	8	Midair collision with General Aviation aircraft
3/04	Detroit, MI	Northwest Airlink	Psgr	Casa C-212 -CC	7	2	0	9	18	Crashed and burned during landing.
5/08	Mayaguez, PR	American Eagle	Psgr	Casa C-212	0	2	0	2	6	Crashed during landing.
5/27	Atlantic Ocean	Aero Coach Aviation	Psgr	Cessna 402C	0	1	0	1	1	Failed to arrive at destination, assumed to have crashed at sea.
8/08	Crooked Creek, AK	Hermens Air Inc.	Psgr/ Cargo	Cessna 207	0	1	0	1	1	Crashed while maneuvering to delay landing until weather at landing site improved.
9/28	Freeport, Bahamas	Caribbean Express	Psgr	Embraer EMB 110-P-2	0	0	1	1	10	Ramp agent walked into turning propeller.
11/23	Homer, AK	Ryan Air Service	Psgr	Beech BE-1900C	16	2	0	18	21	Crashed on landing, 200 yards short of runway.
12/22	Chadron, NE	Regional Express	Psgr	Cessna 402C	0	2	0	2	3	Collided with trees during landing approach.
12/23	Kenai, AK	Southcentral Air	Psgr	Piper PA-31 -350	5	1	0	6	8	Collided with trees on downwind leg of traffic pattern.
12/23	Maunaloa,HI	Panorama Air	Psgr	Piper PA-31 -350	7	1	0	8	8	Crashed at sea.

QUESTIONS SUBMITTED BY SENATOR BYRD

SENATOR BYRD: Would you provide for the record, how many full-performance air traffic controllers, developmental controllers, and air traffic control assistants you had on board as of October 1, 1987?

ANSWER: The agency does not track employment on the first day of each month, but rather on the last day of each month. Therefore the on board employment for October 31, 1987 is as follows: full-performance air traffic controllers was 9,055; developmental controllers was 4,217; and air traffic control assistants was 1,451.

SENATOR BYRD: Do you plan to close any air traffic control towers in West Virginia during this fiscal year?

ANSWER: No

SENATOR BYRD: Do you plan to close any air traffic control towers in West Virginia during fiscal year 1989?

ANSWER: No

SENATOR BYRD: Do you plan to close any flight service stations in West Virginia during this fiscal year or to reduce service at those stations, such as rerouting of telephone lines?

ANSWER: No, we do not plan any significant changes to flight service stations in West Virginia this fiscal year.

SENATOR BYRD: Do you plan to close any flight service stations in West Virginia during fiscal year 1989 or to reduce the services offered at those stations?

ANSWER: No, we do not plan any significant changes to flight service stations in West Virginia this fiscal year.

SENATOR BYRD: The fiscal year 1988 report also included language to provide for a runway extension and the installation of directional equipment at the Grant County Airport in West Virginia. Would you please provide the status of those projects?

ANSWER: Funds have been set aside to provide for a runway extension at the Grant County Airport in Petersburg. Installation of a localizer is scheduled to begin in February 1991.

SENATOR BYRD: Raleigh County Airport in West Virginia, in May of 1987, petitioned for reconsideration of a modification of the essential service level at Beckley, West Virginia, in order to obtain a northern route. In response to my letter on behalf of the Raleigh County Airport, FAA advised that a three-member panel will be appointed to process the petition. Has that panel been appointed?

ANSWER: In May 1987, Raleigh County Airport petitioned DOT for reconsideration of Order 87-4-24, dated April 10, 1987, that amended the essential air service determination for Beckley by eliminating the requirement for service to a northern hub, either Cincinnati or Pittsburgh. That order also selected CCAir, Inc, d/b/a Piedmont Commuter to provide subsidized service between Beckley and Charlotte. By Order 87-7-14, dated July 8, 1987, the Department reaffirmed its decision to amend the determination. The Department found that the Raleigh County Airport had not presented any new evidence that caused us to change our finding that the low level of traffic to Pittsburgh--an average of three enplanements per day during the first quarter of 1987, and six per day during 1986--does not warrant maintaining service to that hub with Federal subsidy support. Order 87-7-14 stated that if circumstances changed significantly in the future, we would entertain a petition from the community for review of its essential air service determination.

By letter dated February 29, 1988, to the Secretary, the Raleigh County Airport Authority petitioned for modification of Beckley's essential air service determination to restore the requirement for service to Pittsburgh as part of the community's essential air service. The Department docketed the Authority's petition and informed the airport manager that a three-member panel will be appointed to process the petition. The Department expects to issue an order within the next few weeks appointing the three-member panel. The panel will have delegated authority to hold an informal conference with the community, if the panel determines that one is necessary, and to request additional information from the community.

SENATOR BYRD: Please furnish, for the record, a time table for processing this petition.

ANSWER: The Department expects to issue an order within the next few weeks appointing the three-member panel. The panel will review the petition and determine whether additional information from the community and an informal conference with civic officials is required or whether other procedural steps are more appropriate. The Department expects that panel will complete its review of the petition and forward a recommendation on the merits of the petition to the Assistant Secretary for Policy and International Affairs by the end of August 1988, and that the Assistant Secretary will issue a final decision by the end of September 1988.

SENATOR BYRD: Does the Federal Aviation Administration currently require air carriers to have seating policies that use visual acuity as the basis for imposing seat assignment restrictions?

ANSWER: No. Some background information is necessary to explain the situation which led to the introduction of H.R. 3883 and its counterpart, S. 2098.

The Federal Aviation Act charges the Federal Aviation Administration (FAA) with the duty of establishing minimum standards necessary in the interest of safety in air transportation. The Act also recognizes the long established common law duty of all common carriers, such as the air carriers, to perform their services with the highest possible degree of safety. Further, in establishing standards, the FAA is charged by the Act to give full consideration to that duty of the carriers have an independent duty to be as safe as possible, while the FAA has the authority, and indeed the responsibility, to regulate as necessary to assure that the carriers perform that duty.

In 1974, the FAA proposed rules that would have affected air travel for handicapped persons in various ways, including a proposal that would have restricted blind people (and deaf people) from seats in exit rows because of the perception that they might not be capable of opening and exit or assisting a flight attendant in an emergency evacuation. The rulemaking exercise resulted in a rule prohibiting air carriers, operating under Part 121 of the Federal Aviation Regulations, from denying transportation to handicapped persons except in time, the FAA issued an advisory circular, "Air Transportation of Handicapped Persons," for the guidance of the air carriers in developing and carrying out their procedures.

This activity took place against a background of research conducted by the FAA at its Civil Aeromedical Institute (CAMI). That research was directed principally at trying to identify the best locations for seating handicapped persons to achieve the best emergency evacuation rates for all passengers. The research was conducted on the premise that the exits were opened by crew members. None of the research was specifically aimed at determining the abilities of handicapped persons to operate the exits. At the time of the rulemaking the only report based on the research, prepared by the FAA's Flight Standards Service, contained no direct conclusions concerning exit row seating.

SENATOR BYRD: Have evacuation studies been conducted to evaluate the performance of blind passengers in opening emergency doors or windows and exiting from aircraft? If such studies have been conducted, please provide for the record.

ANSWER: Office of Aviation Medicine Report, FAA-AM-80-12 (attached), details study of problems associated with use of flexible canes by blind air travelers during cabin evacuation. Since this is a large report, it has been provided under separate cover for the Committee's use.

SENATOR BYRD: Will the Federal Aviation Administration determine that an air carrier's safety procedures are inadequate or pose safety problems if the procedures do not include restricting blind persons from seats near emergency exits?

ANSWER: It is most important to stress that the goal of the FAA rulemaking effort in regard to exit row seating will be to assure, to the greatest practical extent, that exit row seats will be occupied by able bodied persons. Although it is sometimes inappropriate to comment on the possible outcome of future rulemaking, we believe the foregoing discussion indicates that the answer must be, barring unforseen developments, yes.

Such a result is required in the interest of safety and will not deny blind persons the benefits of the Air Carrier Access Act. It is not discrimination to bar from exit rows all those who appear unable to perform the tasks that may be required of a passenger in such a row in the event of an emergency, even though that may exclude the blind from those seats.

SENATOR BYRD: Which air carriers (if any) have filed procedures with the Federal Aviation Administration that do not identify blind persons as a group to be restricted from seats near emergency exits?

ANSWER: Carriers are not required to file their seating policies and procedures, per se, with the FAA. Prior to the beginning of the advisory committee meetings, however, we requested copies of all procedures filed under FAR 121.586 with regard to refusal of transportation. Of the 80 documents received, only one, the Eastern Metro Express procedures, specifically stated that there were no seating restrictions on ambulatory handicapped persons.

SENATOR BYRD: Does the FAA have any plans for initiating a rule making procedure to establish regulations on seating of passengers near emergency exits? If FAA is planning to initiate such a rule making procedure, please provide the projected time table for that procedure.

ANSWER: The FAA is in the process of developing a regulatory project intended to produce a regulation that would provide as much assurance as is practical that exit row seats are occupied by able bodied persons. When completely developed, the intended rule will be published as a Notice of Proposed Rulemaking for public comment. After consideration of the comments, a final rule, if appropriate, will be adopted. The exact scheduling of these events is not established at this time.

QUESTIONS SUBMITTED BY SENATOR D'AMATO

PILOT TRAINING

SENATOR D'AMATO: The flow of skilled pilots from the military into commercial aviation has slowed and many new pilots lack seasoning. What is the FAA doing to get airlines to reevaluate their pilot training programs?

ANSWER: The airline industry and FAA, through the IMPACT 88 initiative, has been engaged in an indepth review of air carrier pilot training requirements. This joint program has focused on developing technology and innovative training methods which would increase and enhance the knowledge and skills of pilots used in air carrier operations.

SENATOR D'AMATO: The Sunday New York Times Magazine (March 27, 1988) contains an article entitled "Trouble in the Cockpit." It discusses aviation accidents caused by, or apparently caused by pilot error. The author criticizes pilot reliance on "auto-pilot" equipment, and other on-board computers that can turn pilots into mere "computer monitors," unprepared to take active charge of aircraft controls in an emergency.

Has FAA required any new training concepts, such as "cockpit resource management" (This approach teaches pilots to work together so that a series of small problems do not turn into an emergency, such as in July 1987, when a Delta Airlines jet en route from U.S. to Europe strayed 60 miles off course. It came within less than 100 ft. of a Continental 747 over the ocean because wrong data was entered in a computer navigation system, and pilots failed to re-check their position. Also in July 1987, a Delta pilot inadvertently hit a fuel cut-off switch causing all engines to shut-down -- the plane fell to within 600 feet of the ocean before the engines were restarted. A United pilot made the same error in 1968.)

ANSWER: Programs such as Cockpit Resource Management, which keep the crew actively involved in monitoring the aircraft and participating in decision-making, are being recommended by the FAA and adopted by many airlines. Although Cockpit Resource Management is not yet a regulatory requirement, we believe that this type of training is rapidly becoming a necessary part of an effective air carrier training program. However, under the Impact 88 pilot training initiative, a joint industry/FAA task force group has developed a cockpit resource management Advisory Circular and is expected to make implementation recommendations to the FAA in May of 1988.

The auto-pilot system and "other on-board computer systems" installed on air carrier aircraft are aids to the crew. Their purpose is to assist the crew in the performance of their duties. All air carrier pilots are required to demonstrate their proficiency prior to being assigned duties as a pilot in air carrier operations.

SENATOR D'AMATO: How do you view the FAA's role in pilot training? Isn't it time for FAA to become more involved in setting standards for pilot training?

ANSWER: The FAA has commenced a three year effort in conjunction with a consortium of academic and industry representatives to apply human factors principles and concepts to a comprehensive job task analysis of aircrew duties. Early focus will be on entry level commuter airline pilots and flight instructors. The expected outcomes will be standards for improved aircrew training, testing and resource management based upon a comprehensive study of all requirements to operate in the aviation environment.

In the interim, the FAA is examining current aircrew certification standards contained in FAR Part 61. The objective of this review is to use advanced methods and extensive public input to revise current airmen licensing requirements to reflect as closely as possible the knowledge, skills, and abilities required for the various airman certificates issued by the FAA. This study will have a major effect on near term aircrew training requirements and rulemaking.

AIR TRAFFIC CONTROLLERS

SENATOR D'AMATO: How many trained controllers are graduated from the FAA Academy each year?

ANSWER: In FY 1986, of 1,970 students who entered the air traffic screen, 1,222 students passed the course, for a pass rate of 62.03%. In FY 1987, of 2,663 students who entered the air traffic screen, 1,569 passed the course, for a pass rate of 58.92%. Currently, 2,134 are programmed to attend the screen in FY 1988.

SENATOR D'AMATO: After graduation, how long does it take for controllers to gain the experience now required to reach full performance level (FPL)?

ANSWER: The time it takes to reach FPL depends on a multitude of factors. These factors include: individual differences in abilities of developmental controllers, the type of control facility to which the individual is assigned, the level and complexity of traffic in a specific facility, the staffing in a facility and money available to conduct training. In the smaller VFR towers it may take only one year to reach FPL status. In some more complex VFR towers it is obvious that it will take longer. In the towers with radar approach capability training will take longer, because both tower cab and radar approach skills must be taught. In the air route traffic control centers which have the need to teach both radar-associate and radar control the training is protracted. Training for reaching FPL in the terminal option averages 2.2 years with the first 14 weeks spent in the academy phases of training, the remainder of the time is spent completing the field phases. Training for reaching FPL in the en route option, averages 2.8 years, with the first 11 weeks spent in the academy phases of training, the remainder of the time is spent completing the field phases.

SENATOR D'AMATO: What is FAA doing to improve and speed-up the training of controllers? What role does training on "simulator" equipment now play? What is its potential for the future?

ANSWER: A computer software application is being developed that will signal any significant gap in the training cycle of an air traffic developmental. Immediate attention will be directed to any delay from one phase to another in the training process, and steps will then be initiated to take the appropriate corrective measures and resume the training. We are striving to achieve a 36-month time in training from developmental to FPL status.

The implementation of operational position standards will provide a uniform method of position operation, contributing to an improved training program by requiring standardized instruction, certification, performance, and evaluation. The development of new on-the-job training procedures will allow for greater emphasis on instruction to the developmental and will include threefold participation by individual instructors, evaluators and examiners to maintain the integrity and objectivity of the training products.

The Dysim Simulator training provides an opportunity to achieve hands-on practice and experience in a realistic en route environment.

There is a need to place even more emphasis on practical standardization training using dynamic laboratory and simulation facilities. The acquisition of the VFR Tower Simulator will enhance the skill-level development in the area of spatial acuity, such as sequencing of arriving and departing aircraft; procedures application; traffic management; phraseology; and scenario complexity. The skills learned in simulation will result in less time being required in OJT at the field facilities.

SENATOR D'AMATO: How much has FAA requested in FY 1989 for innovative training programs?

ANSWER: The FY 1989 budget request includes approximately $10.5 million for the implementation of innovative training programs. New training ideas, methods, and devices will be introduced as a result of completion of the study of the air traffic training system, and studies of the aviation safety inspector work force which are currently underway. Introduction of new training programs for flight test pilots and agency airports personnel are also anticipated.

SENATOR D'AMATO: There has been discussion in the aviation community of separating FAA from the Department of Transportation in order to improve FAA's ability to achieve the modernization of the national airspace system. Do you think that an "independent" FAA would be better able to carry out the monumental job of modernizing the air traffic control system? What burdensome processes, if any, would be avoided under a stand-alone FAA?

ANSWER: An "independent" FAA would only be better able to modernize the air traffic control system if it were removed from certain Federal administrative regulations. The primary stumbling blocks to system modernization are Federal procedures related to personnel and procurement, which are not geared to meeting the needs of carrying out such an immerse and dynamic public enterprise as ATC modernization.

SENATOR D'AMATO: How would FAA safety functions be handled if the agency was separated from DOT?
ANSWER: I support Secretary Burnley's position of providing greater independence for air traffic control, while still keeping safety/regulatory aspects under the DOT umbrella.

SENATOR D'AMATO: Could FAA be taken out of DOT without jeopardizing safety concerns?
ANSWER: Yes, it could, but as stated before, it may be useful to retain a safety and regulatory role for the Department of Transportation.

SAFETY INSPECTORS

SENATOR D'AMATO: How many safety inspectors does FAA now have? How many will be added in FY 1989?
ANSWER: Present authority for safety inspector positions stands at 2,198. The FY 1989 Congressional submission requests an additional 300 safety inspector positions for a total of 2,498.

SENATOR D'AMATO: Does FAA now have enough safety inspectors to investigate complaints about commercial air carriers?
ANSWER: Application of the staffing standard developed under Project SAFE to the aviation environmental work shows that FAA does not have enough aviation safety inspectors to perform the inspection, investigation, certification and aviation safety education and promotion tasks required by law. The requested increment of 300 inspectors and 100 support personnel will authorize 400 of the 1,152 additional positions needed to reach levels dictated by the staffing standard. Incremental requests are necessary to match the FAA's ability to recruit and train new personnel. At this time support personnel are provided on a proportional basis to inspector personnel. Currently, job task analyses are underway to establish workload formulas as to determine support staffing requirements for district and regional office positions. Adjustments in the levels of inspector and support personnel are to be made following periodic reviews of workload and environmental data used in the staffing standard.

SENATOR D'AMATO: What is your procedure for such investigations? How many investigations were conducted in FY 1987?
ANSWER: Most complaints against a commercial air carrier would be looked into as part of FAA's on-going inspection program. Complaints that fall within FAA's purview are referred to the certificate holding office for review and appropriate follow-up action, while consumer complaints are referred to the Office of Intergovernmental and Consumer Affairs in the Office of the Secretary of Transportation. In FY 1987 a total of 228,436 operations, maintenance and avionics inspections of all types were conducted by FAA inspectors.

ALTITUDE ENCODING TRANSPONDERS

SENATOR D'AMATO: FAA recently extended the comment period on its rulemaking regarding transponders until May 12. When Congress required FAA to go forward with the rule, FAA was directed to complete final action by June, 1988. Many general aviation pilots have complained that the rule is so broad that it will cover gliders, hot air balloons, etc.

Will FAA be able to accommodate requests for exemptions from the transponder rule and still fulfill the paramount safety goal of avoiding mid-air collisions?

ANSWER: Section 326 of P.L. 100-202 directs the Administrator to issue regulations requiring Mode C equipment for "all aircraft operating in terminal airspace where air traffic control radar service is provided." This language does not appear to permit relief for particular categories of operators, such as balloons and gliders.

However, preliminary assessment indicates that the issue of the Federal Aviation Administration's (FAA) ability to manage requests for relief from the proposed Mode C requirement may not have to be addressed, because the 3 year compliance date provision of the statute (P.L. 100-223) should permit ample time for all operators to obtain the required equipment.

If the initial assessment proves to be inaccurate, the FAA will need to assess its ability to provide relief within the provisions of the above statutes.

DRUG TESTING

SENATOR D'AMATO: On March 3, DOT announced a proposed rule requiring pre-employment, periodic, random, reasonable cause and post accident drug testing of employees in safety and security jobs in the aviation industry. Do you think this rule will help to reduce aviation accidents or incidents?

ANSWER: The tragic accident which took place last January involving the Continental Air Express aircraft where it was determined that the pilot had cocaine in his system is a tragic reminder that drugs are indeed a pervasive influence in our society and even the aviation industry is not immune. It is our feeling that testing for drugs will present a major deterrent to illicit drug abuse in the aviation industry.

SENATOR D'AMATO: What protections are provided to protect employee privacy and to assure that harassment does not occur?

ANSWER: Under the proposed rule, employees will not provide a urine sample under direct observation. There are exceptions such as, an employee who is acting suspicious in a manner which might indicate that the employee might attempt to alter the specimen or substitute another specimen. The only situation which could involve potential harassment would be testing for reasonable cause. This would require a determination by two supervisors. I believe that employers are well aware of the seriousness of harassment and that great care will be taken in this situation.

SENATOR D'AMATO: What kind of rehabilitation program will be offered to employees who test positive for drug use?

ANSWER: Our proposal suggests that a one-time rehabilitation opportunity will be offered for those who test positive. We did not suggest a particular type of program (and length) as this will vary based on the illicit drug that the individual is abusing. The cost of rehabilitation will be borne by the individual or his private health insurance. The individual can also avail himself of local community programs.

SENATOR D'AMATO: How much do you estimate that it will cost FAA to complete the National Airspace System (NAS) Plan?

ANSWER: The FAA and the System Engineering and Integration Contractor, Martin Marietta, estimate that the total cost of the NAS Plan is $15.8 billion with a potential of an additional $1.0 billion dollars in risk which is about a 6.3 percent variance. This estimate obviously conflicts with the GAO testimony citing an estimate of over $24 billion. The GAO estimate includes the $15.8 billion NAS Plan, the $1.0 billion in risk, an inaccurate estimate of $1.0 billion for NAS Plan revisions, and a rough order of magnitude estimate of $6.5 billion for "Other Capital Needs."

The NAS Plan, as originally conceived in 1981, represented the planned implementation of some 97 programs to be completed in a specific timeframe. The NAS Plan costs have been stable since 1983 when the 10-year costs through FY 1992 for this set of programs was estimated at $11.7 billion, with the realization that further funding would be required in the post FY 1992 timeframe to complete the Plan. In 1986, the Terminal Doppler Weather Radar program was added raising the total to $12.2 billion. Last year, the full-life cycle cost of the NAS Plan to completion beyond the FY 1992 timeframe was estimated to be $15.8 billion with a potential for an additional $1.0 billion in risk.

The 1987 NAS Plan reiterated specific limits on the elements of the NAS Plan and reaffirmed its scope and content for completion of specific programs in a specific timeframe. The 1987 NAS Plan also demonstrated that the NAS Plan is not the entire F&E budget through FY 2000, nor does it include the "Other Capital Needs" (blue sheets) that were contained in chapter 7. The "Other Capital Needs" highlights those new technologies and enhancements not identified in the earlier NAS plans that will continue the process of cost beneficial modernization and replacement of aging systems in the years beyond 1992. The GAO used a rough order of magnitude estimate for all identifiable "Other Capital Needs" requirements through the year 2000 of $6.5 billion. It should be noted, that most of these requirements have not as yet been validated by the FAA and are subject to the FAA's Change Control Board process.

In addition, the GAO also testified that an additional $1.0 billion dollars of NAS Plan revisions exist. Currently, only $260 million of these changes have been approved, and the validity of some $740 million potential other changes is subject to review by the FAA's Change Control Board process. The FAA, however, expects to offset most of these increases with a continued aggressive NAS Plan value engineering effort.

SENATOR D'AMATO: How long will the NAS Plan take to complete?

ANSWER: The NAS Plan will essentially be complete in the early 2000's. The majority of the funding will have been appropriated by FY 1994, with obligations largely complete by FY 1996. The balance of the time is for contractor delivery and installation of equipment. Automation hardware deliveries are scheduled by be complete in the centers by 1998 and at the towers by 2000. Automation software, i.e., AERA-2, is scheduled for completion in 2001. Phaseout of ILS's will occur by 2000 with MLS final deliveries complete by 2004.

SENATOR D'AMATO: What are the causes of any overall delay or cost increases in the NAS Plan? Are they because of lack of funds to undertake NAS Plan projects, or because of problems that developed in the projects themselves?

ANSWER: In past fiscal years, the FAA has been able to accommodate funding reductions while still aggressively prosecuting the NAS Plan by realignment of programs, and in some cases, deferring the financing of programs that were experiencing schedule slippages as a result of unforeseen technical problems or acquisition uncertainties. For these reasons, we have previously indicated that funding reductions were not the sole reason for NAS Plan schedule slippage. Schedule delays and/or cost increases can be attributed to a variety of factors such as: technical complexity of hardware design, software development problems, redefinition of NAS system inter-dependencies, early-on overly optimistic schedules, changes in procurement strategy, addition of testing requirements prior to production decision and coordination of interagency procurements.

GAO QUESTIONS

SENATOR D'AMATO: Please explain the role of the systems engineering and integration (SEI) contractor within the NAS Plan, Martin Marietta Corp., with respect to the FAA.

ANSWER: The system engineering and integration (SEI) contractor is responsible to the FAA for the overall NAS system design, test planning, implementation, and support. The basic contract established a zero-base fee arrangement in order to create a partnership role wherein the SEI contractor would be equally motivated along with the FAA to implement the NAS Plan within schedule, cost, and performance objectives. In addition to overall NAS responsibility, the SEI contractor provides NAS project support in three levels: 1) project monitoring, 2) technical support, and 3) technical direction.

SENATOR D'AMATO: Are there ways in which this relationship can be improved to better oversee the NAS Plan?

ANSWER: The relationship between the FAA and the SEI contractor has continued to evolve and improve since the inception of the contract in 1984. The fee determining official's midterm and end-of-period letters provide a positive feedback to the SEI contractor about specific areas where performance excelled and where improvements are required. This same communication takes place at all levels on an informal basis. Communication has steadily improved over time and the overall performance of the SEI contractor has improved commensurately. As the NAS Plan progresses into the implementation phase, and emphasis is focused on more timely issues, the criteria for evaluation of the SEI contractor performance is adjusted to suit current priorities.

SENATOR D'AMATO: Has FAA warehoused equipment procured under the NAS plan because it was not ready to install it? What are the reasons behind this storage of equipment.

ANSWER: FAA does ship some equipment to its warehouse, but usually this is done to provide a controlled staging area to assemble various pieces and components until all are available to start a particular project. Equipment is also temporarily warehoused to coincide with regional installation priorities, availability of innstallation manpower or resolution of unforeseen real estate and environment issues.

SENATOR D'AMATO: If so, how much equipment in dollars has ended up in storage?
ANSWER: Most of the NAS Plan equipment in the Depot is there to be staged for installation in accordance with regional priorities. There is about $15 million of equipment (such as VASI, REIL, NDB, ICSS) in the warehouse at the present time. This is less than 10 percent of the value of the stocks and stores and other work in progress at the Depot.

SENATOR D'AMATO: Would GAO be able to provide the Subcommittee with a list of the equipment that has been stored?
ANSWER: GAO has expressed concern that some equipment, other than major NAS equipment, has been temporarily stored at the FAA Depot pending the resolution of workforce requirements needed for its installation. They should be able to provide details on those cases that were cited for this reason.

QUESTIONS SUBMITTED BY SENATOR COCHRAN

SENATOR COCHRAN: Mr. McArtor, I would first like to thank the FAA for its assistance and participation in numerous airport development projects in Mississippi this year. The cooperative efforts of the FAA and local airport authorities to provide necessary improvements in air service will help to stimulate the economies of the areas served by these facilites. Second, I would like to address the noise compatibility program for Memphis International Airport, as it affects DeSoto County, Mississippi. My office has worked closely with the FAA in attempting to address the concerns of DeSoto County with the noise problem, which continues to be a detriment to the health, growth and development of DeSoto County and its northern muncipalities. Further expansion of the Memphis Airport creates a unique problem for DeSoto County, which is the fastest growing area in the State of Mississippi and in the Memphis metropolitan area. Growth and development cannot be sustained in the face of escalating noise problems. DeSoto County's efforts to seek alternative flight patterns designed to reduce noise in the area have been unsuccessful. It has been brought to my attention that FAA's method of measuring noise through the use of the "Ldn" noise metric does not adequately address single event nuisances, and that research toward more accurate calculations of noise parameters is progressing at a very slow rate.
ANSWER: The Ldn noise metric which FAA uses was developed by the U.S. Environmental Protection Agency (EPA) and is widely used for community noise analysis for all modes of transportation, both here and abroad. The Ldn considers the numbers of events and the time of day and noise level of each individual event. At this time, there is no research going on at the FAA to refine or change

the Ldn methodology. However, there is a continuing effort to refine the data and calculations used to predict Ldn values, without changing the methodology. The FAA keeps abreast of developments in the noise methodology field and is not aware of any recent activity supporting substantial changes in the Ldn methodology.

SENATOR COCHRAN: On behalf of DeSoto County, I am requesting a report on the status of research involving noise metrics. I would also urge the FAA to require the Memphis International Airport to utilize noise monitoring equipment which will measure actual noise levels and will assure compliance with acceptable noise limits.

ANSWER: The FAA's airport noise abatement planning program, under Federal Aviation Regulation (FAR) Part 150, allows airport proprietors to propose many different types of noise control actions, including the installation of a noise monitoring system. The Part 150 program is purely voluntary. The Memphis Part 150 study, as proposed to and approved by the FAA, did not include a noise monitoring system. Under the existing FAR, I do not have the authority to require the Memphis International Airport to utilize a noise monitoring system.

QUESTIONS SUBMITTED BY SENATOR WEICKER

SENATOR WEICKER: Westchester County has been working with the FAA on the Westchester Airport master plan and environmental assessment. Could you tell me the status of the project?

ANSWER: Both the airport master plan and the environmental assessment have been reviewed by the FAA Eastern regional office. Westchester County has been informed of FAA's comments on the two documents, both of which need some additional input. The FAA Eastern regional office and Westchester County officials have a meeting set up for April 21 to discuss the changes that need to be made. Approval of the two documents is expected to be not any earlier than 2 months from the upcoming meeting date.

SENATOR WEICKER: You are hoping to have a minimum air traffic controller work force of 15,900 by the end of fiscal year 1988 and 16,800 by the end of fiscal year 1989. Based on the past rate of increase, do you think you can realistically reach these goals?

ANSWER: Yes, we feel very confident that the agency will reach both end of year goals. As of March 31, 1988 we had controller work force of 15,594.

SENATOR WEICKER: You mentioned in your statement that you will seek a waiver of the goal of 10,450 full performance level (FPL) controllers set in this year's appropriation act. Can you explain why you will need to request the waiver?

ANSWER: During FY 1987, Congress imposed a requirement that 60% of the controller work force, less air traffic assistants, shall be at the FPL controller level. This level was met. During FY 1987 there was considerable controversy over the definition of what requirements had to be met in order for a controller to qualify as an FPL controller. By FAA practice a controller was counted as an FPL controller if the individual had achieved the grade commensurate with the FPL rating for the employing facility. The agency was directed to count as FPL's only those controllers who were both at the FPL grade and certified on all requisite positions starting in FY 1988. The change in definition resulted in a reduction of over 1,000 in the number of controllers who could be classified as FPL even though many possessed varying degrees of operational capability. While the agency believes that the goal could be achieved under the old definition, there was never an agreement that the same level could be achieved under the new definition. The end-of-year request of 9,932 FPL's for FY 1988 more accurately reflects the new definition with a goal that can be reached.

SENATOR WEICKER: Will this shortfall adversely impact the operations of the air traffic control system?

ANSWER: The change of controller work force definition will have no affect on the operations of the air traffic control system.

QUESTION SUBMITTED BY SENATOR SASSER

SENATOR SASSER: As you are aware, Congress appropriated $1.27 billion to the Airport Improvement Program in FY 88. The Conference report included language designating the Nashville Airport as one of the Nation's airports having a vital need for sufficient monies for expansion to accommodate its new American Airlines hub and to implement noise abatement measures.

On December 22, 1987, just after the monies for airport improvement were appropriated, I wrote you and asked that you review the needs of the Nashville Airport and make available to it adequate funding to meet its pressing needs. What is the status of that review, and what amount of money from the Airport Improvement Program does the FAA intend to make available to the Nashville Airport?

ANSWER: The Metropolitan Nashville Airport Authority has identified a plan of development for the Nashville Metropolitan Airport that is designed to improve the ability of that facility to satisfy current and forecast aeronautical needs. A key element of the plan calls for the construction of a new runway and taxiway system requiring the commitment of $41.25 million in AIP funding. We have reviewed the plan and agree that its implementation will improve the operational efficiency and capacity of this airport.

Working with the Authority, the FAA has issued its first Letter of Intent under the AIP. This document sets forth FAA's intention to obligate funds from future budget authorities equivalent to those needed for the construction of the new runway and taxiways. FAA has already taken the first step by awarding a $3,519,060 grant for site preparation work. An additional amount will be approved later in the fiscal year for a total commitment in excess of $10 million. The remaining funding, not to exceed $30.4 million, is expected to be accomplished over a 4 year period (1989-1992). We expect to commit in excess of 80% of this amount in AIP discretionary funds to this project.

QUESTIONS SUBMITTED BY SENATOR DECONCINI

SENATOR DeCONCINI: The August 1986 midair collision between a general aviation aircraft and an AeroMexico jetliner over southern California occurred within the Los Angeles Terminal Control Area (TCA), prompting the FAA to review the number of TCAs and the adequacy of existing requirements. This review has led to numerous proposals that, when fully implemented, will result in changes in general aviation flight operations in southern California, in addition to general aviation flight operations at significant numbers of other airports.

One of the FAA proposals is to increase the number of Terminal Control Areas, creating nine new TCAs in addition to the 23 already in place. Phoenix-Sky Harbor International Airport is one of the nine airports being considered for designation as a TCA.

Safety of our airspace must always be a number one priority. My desire for our air traffic control system is that it be as safe as humanly possible without so over-regulating it that there is no joy left in the system.

With that thought in mind, the Subcommittee on Aviation of the Senate Committee on Commerce, Science and Transportation, held a hearing on January 29, 1988, in Phoenix, Arizona. I attended that hearing, and it was the consensus of those in attendance, that the FAA should hold further hearings, as well as discussions with airspace users, in order to develop a Terminal Control Area concept that would be more acceptable to all users. With these thoughts in mind I would appreciate prompt and detailed responses to the following questions:

Please identify the hearings which the FAA has held on the Phoenix-Sky Harbor TCA?

ANSWER: The FAA has not yet conducted any informal airspace meetings. However, no rulemaking action on the Phoenix TCA will be initiated until after such a meeting is held.

SENATOR DeCONCINI: When and where were these hearings held?

ANSWER: No meetings have been held.

SENATOR DeCONCINI: What are your plans for future hearings and meetings with airspace users in the Phoenix area?

ANSWER: The FAA has an informal airspace meeting planned for June 30, 1988. We will be advertising this meeting by publishing the announcement in the Federal Register and by mailing a notification to all known pilots within 100 miles of the Phoenix-Sky Harbor International Airport. The FAA additionally is planning to attend a meeting of the Arizona Airspace Utilization Committee to solicit its members' input. In addition, the FAA will be discussing the Phoenix proposal at our normal meetings with the different user groups that are carried on routinely.

SENATOR DeCONCINI: What points of discussion were adopted for the Notice of Proposed Rulemaking or the earlier study?

ANSWER: The points addressed in the earlier study submitted by the facility included (1) VFR and IFR Traffic Flows, (2) impact on VFR aircraft, (3) affect on other airports and local operations, (4) review and analysis of near midair collisions in the Phoenix area, (5) impact on air navigation facilities, (6) impact on air traffic control, (7) assessment of the economic impact on airspace users and (8) consideration of environmental impact. These same points and any others deemed necessary will be addressed in any future staff study and considered in the development of a Notice of Proposed Rulemaking.

SENATOR DeCONCINI: When will the Notice of Proposed Rulemaking be published?

ANSWER: Much depends on user input, however, we anticipate that a Notice of Proposed Rulemaking will probably be issued within approximately 150 days after the informal airspace meeting (January 1988). This should allow sufficient time to analyze the comments received at the meeting and develop the necessary staff study that will lead to drafting a notice of proposed rulemaking.

SENATOR DeCONCINI: I have been advised that over 80 percent of the Phoenix air traffic is general aviation. Have your studies categorized Phoenix air traffic?

ANSWER: Yes. The 80% general aviation traffic is incorrect. Airport operations for Phoenix Sky Harbor International, break down as follows, Air Carrier 53.3%, Air Taxi 14.7%, General Aviation 30.1% and Military 1.9%.

SENATOR DeCONCINI: If yes, please provide a comparison of the level of operations with other airports at which the FAA proposes to establish TCAs. Also, how does the Phoenix level of operations compare to airports which currently have TCAs?

ANSWER: Phoenix is the busiest airport of the nine proposed for new TCAs. Phoenix Sky Harbor International is the twelfth busiest airport in the nation, making it busier than all but nine of the existing TCA airports. From a standpoint of aircraft operations, Phoenix Sky Harbor Airport had a total of 412,312 airport operations in 1986, of which 219,603 were air carrier aircraft. From a standpoint of passenger enplanements, Phoenix Sky Harbor Airport ranks nineteenth busiest in the United States with 7,817,839 enplaned passengers in 1986, the last year for which verified data is available.

SENATOR DeCONCINI: I am concerned about the local airport infrastructure. Part of the reason why Sky Harbor is congested and may require a TCA is that there is inadequate reliever and general aviation airports in the area. Is this in fact a problem?

ANSWER: While total operations at Sky Harbor have been steadily increasing, general aviation operations have been declining. For example, in FY 1984 general aviation performed 36% of the total operations at Sky Harbor while in FY 1985 and 1986 they performed 32 and 30% respectively. Sky Harbor has six existing reliever airports and one new reliever recommended for development within the next 5 years as indicated in the National Plan of Integrated Airport Systems. We believe Sky Harbor has a sufficient number of existing and planned relievers.

SENATOR DeCONCINI: It is my understanding that Arizona is one of the fastest growing states in terms of general aviation activity. Has the growth been met with an equal amount of airport improvement program dollars to build the critically necessary infrastructure?

ANSWER: In recent years Federal funding for general aviation airports has been growing in Arizona. For example, at general aviation airports with FAA operated air traffic control towers, operations have increased 4% between FY 1986 and 1987 while funding has increased 26%. We believe increased general aviation activity is being met with appropriate increases in program dollars.

SENATOR DeCONCINI: Does the imposition of a TCA result in any capacity improvements at Phoenix-Sky Harbor International Airport?

ANSWER: A preliminary task force will be formed to study possible capacity improvements at Sky Harbor through establishment of a TCA. The task force will also study the possibility of diverting general aviation traffic by recommending establishment of ILS/MLS at reliever airports in the Phoenix area. A draft report of the task force recommendations should be published by March 1989. However, the information and recommendations should be available by the end of 1988.

SUBCOMMITTEE RECESS

Senator LAUTENBERG. We are going to adjourn this hearing and we will be meeting again with this subcommittee on April 14. That is a Thursday, in room SD–124 at 10 a.m., when we will be discussing—I am sorry, April 5 we will have a hearing on the Newark Airport rail link, which is not directly an FAA thing, but reduces the traffic in the outside of the airport.

We look forward to a good hearing at that time, and thank you once again everybody for your participation. This subcommittee is adjourned.

[Whereupon, at 12:37 p.m., Thursday, March 31, the subcommittee was recessed, to reconvene at 10 a.m., Tuesday, April 5.]

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